

PETER SCHMIDT
MEMORIAL ISSUE

**THE
RIPENING OF
TIME**

**no. 1
Imperialism**

.....
Treasure ye in your inmost heart this legacy of hate
For those who on the poor man's back have climbed
to high estate.

The lords of land and capital - the slave lords of our age,
Who of this smiling earth of ours have made for us a cage
Where golden bars fetter men's souls, and noble thoughts
are flame

To burn with vain desire, and virtue yields to shame.
Each is your foe, foe of your class, of human rights the foe,
Be it your thought by day and night to work their overthrow.
And howsoe'er you earn your wage, and wheresoe'er you go,
Be it beneath the tropic heat or mid the northern snow
Or closely penn'd in factory walls or burrowing in the mine
Or scorching in the furnace hell of steamers cross the brine
Or on a railroad's shining track you guide the flying wheel
Or clambering up buildings high to weld the frames of steel
Or use the needle, or the type, the hammer or the pen,
Have you one thought, one speech alone, to all your fellow-men.
The men and women of your class, tell them their wrongs and
yours,

Plant in their hearts that hatred deep that suffers and endures,
And treasure up each deed of wrong, each scornful word and
look

Inscribe it in the memory, as others in a book,
And wait and watch through galling years the ripening of time
Yet deem to strike before that hour were worse than folly - crime.

.....
James Connolly from his poem ' The Legacy '
Irish Worker 23 May '14

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Number one

to the reader

This first issue of THE RIPENING OF TIME deals with Imperialism, which as Lenin argued, is the highest stage of capitalism.

We are attempting to define imperialism and to analyse the different contributions different Marxists have made to the understanding of imperialism during the last 60 years.

Our selection of particular writers reflects a political choice. There are many writers, Marxists and non-Marxists we have not dealt with.

We begin with Lenin and his pamphlet 'Imperialism, the Highest Stage of Capitalism'. This work we believe correctly understands the changes capitalism underwent at the end of the 19th century. Lenin, we feel, provides us a basis for understanding imperialism. Rosa Luxemburg is chosen because of the impact of her original contribution, 'The Accumulation of Capital', has made on contemporary Marxists. We are critical of many of her views while we consider her a revolutionary who has contributed immensely in the understanding of Imperialism.

Paul Baran helped to fill a serious political and theoretical gap on the theory of imperialism, which

THE RIPENING OF TIME.

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appeared in the thirties and the forties, dark years of fascism and imperialist War. His analysis of economic surplus and of monopoly capitalism is key in much of contemporary understanding of underdevelopment. Andre Gunder Frank, writing in the late fifties and sixties, continued Paul Baran's work and examined how the structure and development of imperialism bring about, maintain and deepen underdevelopment.

Nicos Poulantzas, a contemporary Marxist, writes mainly about the changes imperialism underwent since the beginning of the century, the changes it provoked on the class structure and the function of the State of dominated and dominant countries.

Many criticisms are made of the views of these writers. Not least, the major one of 'economism'. We are focussing on a tendency to separate politics from ideology and economics. which leads to serious distortions of Marxism.

While identifying this problem, we have tried to escape from it ourselves; but economism, as a feature of distance from the class struggle, is very difficult to combat. We hope our readership will also contribute in combatting distortions of Marxism, such as economism.

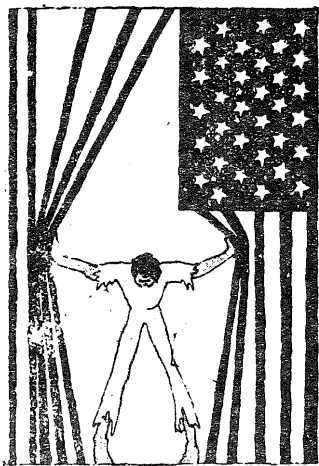
THE RIPENING OF TIME is a platform for the growth and development of discussion, debate and theoretical as well as practical clarification of theoretical issues. We hope it will be used as a tool for analysis and debate. the results of such collective work, and debate, if it takes place, will be used, indeed MUST BE USED, by anti-capitalist and anti-imperialist organisations, groups and individuals to develop a united strategy for revolution in Ireland.

We are convinced that we can only go forward from here - with the help and criticism as well as serious contributions from our readership.

THE RIPENING OF TIME is ours and yours - make it work. ★

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editorial

Here is the RIPENING OF TIME. Our number one issue.

The collective product and the focus of study-groups, of long drawn-out discussions, of a lot of effort.

Written to people who understand how rotten the capitalist system is, to conscious militants who carry the traditions and lessons of the anti-imperialist struggle of the past, to organized or independent organizers, to those who

will join the struggles tomorrow in the factories, the communities, the towns and shores of Ireland; to prisoners, womens groups, study groups, community groups, students and their organisations - to all who read, criticize and want to bring progressive ideas to life, in practice.

Written against all those who support capitalism, oppose change and hold back the struggle.

The politics of THE RIPENING OF TIME are Marxist.

Marxism is the only science which takes the division of society into classes into consideration. Marxism is a science built and developed in order to fight the capitalist system and overcome class divisions. Marxism developed through the struggle of the people for a new socialist society; it is the accumulation of the knowledge and experience the working class has brought together over 200 years. An experience tested and verified in practice.

THE RIPENING OF TIME is based on the belief that the duty of a revolutionary is to make the revolution. This is not a simple slogan. It means that militants must make a profound commitment to the future of humanity, apply our limited knowledge and experience in order to understand the everchanging situation, organise the masses of people and build the struggle.

The essential link of that commitment, of making the revolution, is revolutionary organisation. This is why we call our journal not only Marxist but Leninist too. For we believe that the practice and principles and lessons V.I. Lenin drew from the glorious experience of October 1917 Revolution, remain correct today.

There are many revolutionary organisations and groups in Ireland today. We want to clearly state that THE RIPENING OF TIME is built not in opposition to what exists, but on the contrary to complement them. At this time, the unity and consolidation of all the anti-imperialist and anti-capitalist forces around a united programme and strategy for revolutionary action is an urgent and pressing need. We offer THE RIPENING OF TIME as our contribution to this unity of action and aim.

THE RIPENING OF TIME is a theoretical journal. We see theoretical struggle as an essential part of class struggle, equally important as the economic, the political or the military struggle. Anyone who tries to isolate one or any of those unbreakable aspects of the class struggle is amputating the revolutionary process. As an instrument of theoretical struggle, we do not intend to set up any sectarian principles of our own by which to shape and mould the anti-imperialist and revolutionary movement.

What we aim for is to help militants, and, why not, organisations develop on the basis of our collective effort, work and research, a concrete analysis of the situation - a class analysis; to be used in the interests of the exploited and oppressed masses of the people in our country - north and south.

We must gain an ever clearer insight into all theoretical questions, we must free ourselves more and more from the influence of traditional phrases inherited from the past and constantly keep in mind that socialism since it is a science, must be treated as a science, that is,

must be studied and applied.

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Our task is to spread with courage and energy and at times risk, our knowledge among the masses of workers, small farmers, students, oppressed women, unemployed and in all other sections of the dominated classes; to knit them together both in revolutionary organisations and mass organisations.

Ireland is a dominated society.

It is dominated by international capitalism especially by British, U.S. and German imperialisms.

We are in the middle of the most severe crisis which has hit our country since the thirties.

As the crisis deepens, the concrete situation changes, the objective basis of the class struggle transforms itself. We used to think of the British as our enemies, now the Americans are replacing them as our oppressors. We used to think of the capitalist state as being Irish, today the capitalist state in the 26 counties is one of the surest allies of imperialism.

Some people had put their hopes in the Labour Party, now they have been sharing power for nearly two years and things are getting worse.

As the state is stampeding through its truly criminal 'Jurisdiction Bill', we must pay serious attention to the lessons, history has to teach us on the question of the state, of dictatorships, and fascism. Useless to repeat that those things are not accidents and don't happen in South America alone. ...

So that we don't get caught napping when the Army boots begin to thump the streets

In our opinion, here are some of the basic tasks of the revolutionary forces in Ireland today:

- a) show the nature of our period, explain why 1975 is not 1890, 1922 or 1930.
- b) Demonstrate clearly who are our enemies. Who is dominating us, who is exploiting us, we must define the nature of the contradictions which exist between the Irish working class and the international and Irish bourgeoisie.
- c) We must clarify the role of the State and its relationship to imperialism, to the different fractions of the Irish bourgeoisie, to the workers, to salaried people, to the farmers.

We can find in our history the spirit of struggle and change; but we must give up trying to make old ghosts walk about again.





Irish emigrants leaving Cobh Harbour

September 1874

Y'KNOW GEORGIE, REDUNDANCIES, INFLATION,
THE WHOLE ECONOMIC MESS IS ALL BECAUSE
OF THIS UNEQUAL 'CASH FLOW' SITUATION.



the crisis

Crisis is a key Marxist tool for understanding capitalism: what it is and where it is going. An understanding of crisis, why they come about and what they mean, gives us the possibility of building a dynamic theory. Such a theory, of where the contradictions lie inside the capitalist system, would provide us with a fuller comprehension of how the class struggle is unfolding.

Crises exist both inside the capitalist system itself, in its structure, and in the material condition of the working class and the other exploited classes. Crisis lies both in the struggle of the people and in the serious structural flaws capitalism carries in its veins.

"The bourgeoisie cannot exist without constantly revolutionising the instruments of production, and thereby the relations of production and with them the whole relations of society."

Karl Marx: The Communist Manifesto.

This statement of Marx is as valid today as in 1848 when Marx wrote the Communist Manifesto.

If we consider each successive phase of capitalism – from primitive accumulation to commercial capitalism, to the industrial revolution into monopoly capitalism and imperialism, we see that the bourgeois class modernizes production, changes the ways people produce goods and wealth.

Marx wrote on this; he said that the bourgeoisie

"forges the weapons which develop capitalism but also bring death to itself." (Communist Manifesto. p. 41)

As capitalism moves from stage to stage, as production and producers change, transition periods intervene. These transitions are short or long periods of time during which capitalism is changing its skin. This transition means crisis.

As a snake changes its skin or a butterfly emerges from a chrysalis, a frog from a tadpole, when there is a period when the creature is neither one thing or the other - the same way capitalism **CHANGES THROUGH CRISES**.

Historically, when capitalism went through periods of transition, enormous crises occurred. For example, in 1870, when monopolies first emerged, in 1900 as they became dominant, and in 1929 when finance capital fought it out with industrial capital. (see article on Lenin).

These crises were severe enough to bring wars in their wake - or revolutions, depending on the power and the nature of the organisations of the working class. For history is finally neither a series of crises or a list of wars, but real men and women shaping their own history in struggle.

From the idea of continuing crises in the history of capitalism, we can perceive a pattern - a cycle. This cycle moves from expansion periods or booms to crises, to expansion periods and back to crises. This cycle is an inevitable and essential aspect of capitalist development. The booms and crises get painted in our minds by other names or labels. The Cowboys wild West in America was the expansion of capitalism followed by civil War. The Cromwellian invasion of Ireland was an expansionist boom of capitalism. Today we are living through a new prolonged period of crisis.

Inside this present crisis for example, Greece, Portugal, Spain or Ethiopia have all experienced collapses or serious jolts in their respective dictatorships. Vietnam, Cambodia and Laos have slipped out of the hands of U.S. Imperialism. Angola, Mozambique and Guinea won their independence from Portugal.

The problem for capitalism is that as it develops more and more, the frequency and the intensity of the crises hitting it get higher and higher. Lenin reminds us that not all **crises** are revolutionary situations, but all **REVOLUTIONARY SITUATIONS ARE TIMES OF CRISIS**.

We must therefore ask: Why do crises arise? Why are they inevitable? What are their structural causes?

The fundamental cause of crisis must be searched inside the heart of the capitalist system. A key factor of crisis is anarchic capitalist competition, provoked by the falling rate of profit and in turn causing intense inter-capitalist conflict. The development and the struggle of the working class is another key factor of crisis. The conflict of increasing material production while markets are shrinking again causes crisis. . . . increased production is called overproduction if people cannot be found to consume what gets produced. (See page 10)

In a situation of crisis, the bourgeoisie always tries to make us pay for the damage. In Ireland, north and south, the working class and the small farmers, small holders and employees are paying the cost of the capitalist crisis in

different ways. In the 26 countries, we see wage agreements, the erosion of basic rights of Trade Unionists, for example their right to picket and strike as they see fit, legislation to reinforce the proposed wage-cuts, cut-backs in education and health, the high unemployment rate in Europe at 13% and when all else fails comes repression. Not too difficult a 'remedy' to propose, when civil liberties have been eroded and suspended north and south, and camps get filled and emptied like glasses of Guinness.

Engels remarks in his Introduction to Volume 3 of Marx's Capital -

" Each factor trying to stop a repetition of old crises, becomes the germ of a new, more powerful future crisis. "

In all countries where international capitalism, and especially U.S. imperialism dominate, we witness the same events: the State loses control progressively of the economic situation. The weapons and threats follow: wage cuts, wage freezes, wage pauses, wage restraints - but making the working class pay just don't seem to work anymore. An atmosphere of unreality hovers over their explanations and attempts to resolve the crisis. They don't believe their own words anymore.

So far, we have talked only of economic factors of crisis. Crisis has serious political consequences too. Starting with the U.S. Watergate - this was the clearest sign of how the American ruling class fought it out tooth and nail among themselves. All major capitalist powers have had changes of government in the last 24 months: U.S., England, Japan, France, Germany, Italy, Austria. The working class in certain countries, like Italy and France is on the offensive. we are entering what Marx called " a period of crisis, wars and social revolutions. "

It is important to remind ourselves though that it is not impossible for the system to push its limits further and further by increasing exploitation, misery and oppression. The concentration camps from Chile, to Indonesia to the Kesh witness the mutilated bodies and minds - the length capitalism will go to destroy the spirit of resistance.

The only real limit to capitalism is working class revolution.

However serious and brutal the crisis may be, it is on the political stage that capitalism will play its final cards. . . . it is in politics the system will shift to gather forces for a renewed offensive.

This is what is at stake today.

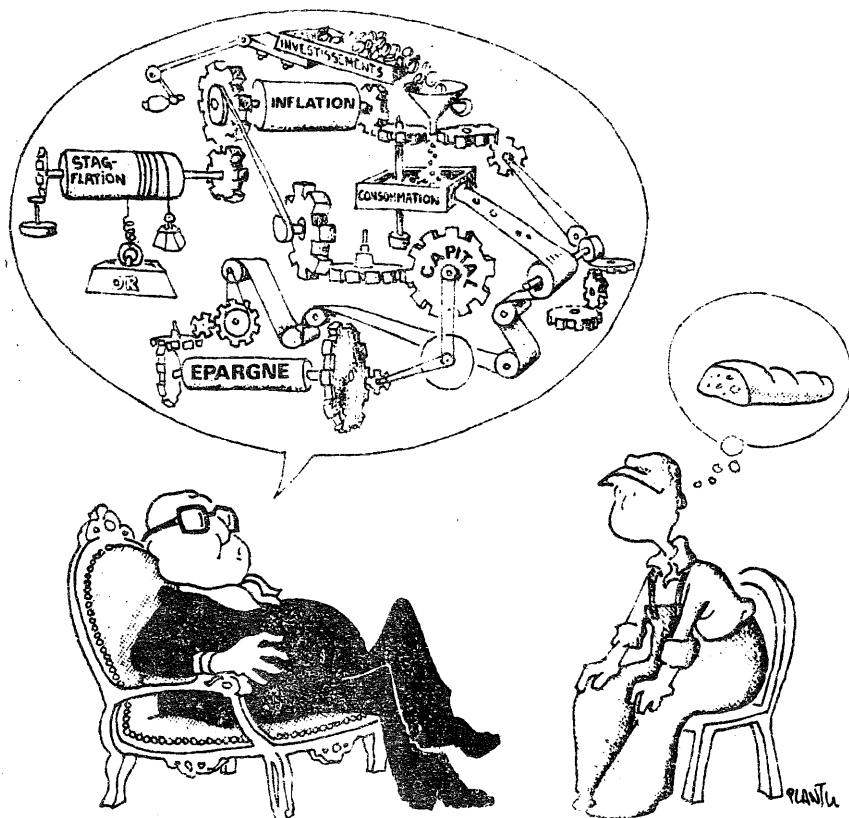
Either the working class gets massively defeated, at which point a new period of counter-revolution will be upon us. . . . with all the nightmares and horrors fascism brought in its wake - after the working class was defeated in the twenties and the thirties.

OR the working class keeps struggling on; and slowly gnaws at the ruling class and deepens its hold on power

Either way, the revolutionary Left in each country has a major responsibility. ★

The Tendency of the Rate of Profit to Fall - A Note

Surplus value is extracted from labour. The rate at which it is extracted depends on the proportion of constant capital (machinery etc.) to variable capital (wages). Capitalists reinvest the surplus which is extracted as unpaid labour during the productive process, in order to expand production and to accumulate profits. The capitalists invest in more and more machines and equipment, they do not invest in labour, they do not pay out more in wages. BUT, as the investment in constant capital increases, the ratio between constant and variable changes. . . .there is more going to constant capital than to variable than previously. Again, as it is labour from which the surplus is extracted, this leads to a FALL IN THE RATE OF PROFIT. This does not mean that the volume of profit falls, only the rate at which it is being extracted. Concentration, centralisation, monopolies, finance capital. . . .all these developments can be linked to this tendency of the capitalist system.





some basic terms

Here are some basic Marxist terms we will be using in this issue of the journal. This list is not a full list of all the Marxist terms we are using; it is simply designed to introduce the reader into some important terms of Marxism.

A **COMMODITY** - is a thing, or an object, which satisfies a human want. Commodities can be exchanged for other commodities; for example, in old times, under the barter system, wheat would be exchanged for wool, or salt for clothing.

The usefulness of a commodity makes it a **USE VALUE**.

When a use value is exchanged for another it takes on an **EXCHANGE VALUE**. Millions of these exchanges take place every day - everytime we buy goods we are exchanging money, an exchange value, for a commodity.

All commodities and use values have one thing in common: they are **PRODUCTS OF LABOUR**.

In Marxism, the exchange value of a commodity, or simply value, is measured by the amount of labour time which was necessary for their production.

Marx calls this amount of time **SOCIALLY NECESSARY LABOUR TIME**.

So, the **VALUE** of a commodity depends on the extent of the socially necessary labour time spent on it.

In capitalist society, the **PRICE** of a commodity is always **HIGHER** than its **VALUE** - the difference is the **PROFIT** the capitalist makes.

PRICE = VALUE + PROFIT.....

Wrong

Money did not always exist; its appearance was a particular stage in the development of exchange and commodity production.

In capitalist society, money, itself an exchange value, transforms the ability to work into a commodity, that is something that can be bought and sold. This is exactly what workers do: they sell their **LABOUR AS A COMMODITY** to the highest bidder - for the highest wage.

In capitalist society, one class of people hold power; this is not because they are more intelligent or able, or because they work harder. **THEY HOLD POWER BECAUSE THEY POSSESS CAPITAL.**

Capital binds them to those who don't possess anything but their labour - their power to work.....the relation between a capitalist and a worker is one of exploitation. The capitalist owns capital which gives him/her the power to exploit.

Capital can take many forms such as money, machines, land, houses. Whatever form it takes it puts its owner into a position of power.

WHEN THE OWNER OF CAPITAL BUYS LABOUR CAPITALIST PRODUCTION BEGINS.

The moment a worker puts his labour into the service of the capitalist, exploitation begins. The capitalist has to pay the worker a certain amount of money to maintain himself and his family, to buy food, to pay rent etc. In other words, the **WAGE** the worker gets is paid for his production. But if the worker stopped working after he had produced sufficient value for his maintenance there would be nothing for the capitalist to gain.

So, the basic aspect of capitalist exploitation is that the worker is put to work in order to **PRODUCE OVER AND ABOVE HIS NEEDS**. The time he or she works after enough has been produced for the workers' maintenance is called **SURPLUS LABOUR TIME** during which the worker produces **SURPLUS PRODUCT**. The value of surplus product is called **SURPLUS VALUE**.

Here we see how in fact the worker is exploited and it's of no relevance whether the wage is £80 or £20 a week.

Looking at the capitalist process of production, Marx divides productive capital into two kinds:

CONSTANT CAPITAL is the part of the capital laid out by the capitalist on machinery, tools, or raw materials.

The part of capital laid out on wages is called **VARIABLE CAPITAL**.

As we have already pointed out, the worker creates value over and above the value of his wages.....

Just as a parasite lives off the flesh and blood of other creatures, the owner of capital grows in strength on the backs of the working class by stealing their surplus value produced by them.

As he amasses more and more surplus value, as he re-invests his profits back into production?, **ACCUMULATION OF CAPITAL** takes place.

Accumulation of capital is the very essence of the system - without it the system dies by stagnation.

The working class does not remain passive in this relationship with capital. The conflict, the contradiction between labour and capital is the basis of what is called **CLASS STRUGGLE** and to deny or try to conceal its existence in our writing or practice is totally contrary to Marxism and the direct interests of the working class. ★

"... our party is not afraid to declare publicly that it will sympathise with wars or uprisings which Ireland might start against Britain. ..."

Lenin, December, 1916.

V.I. Lenin

Imperialism is the highest stage of capitalism.

While Ireland was in revolt on 1916, V.I. Lenin was completing his pamphlet 'Imperialism, the Highest Stage of Capitalism'. He interrupted his work to take up a debate with L. Trotsky and other Marxists on the significance of the 1916 Rising in Ireland. In this debate he argued that:

"... to rise in rebellion, they, the colonies, Ireland, take advantage of an imperialist bourgeois crisis, like the war of 1915-1916. ..."

'Imperialism, the Highest Stage of Capitalism' was written under rigid conditions of censorship and so dealt mainly with economic aspects of Imperialism. Lenin wrote:

"I had to stick to an exclusively theoretical, particularly economic analysis of facts, ... to formulate the few necessary observations on politics with extreme caution by hints, in an allegorical language. ..."
(Preface to "Imperialism the Highest Stage of Capitalism" Peking Edition)

So while the pamphlet discusses the economic essence of Imperialism, the political analysis of this new stage of capitalism has to be found in other parts of Lenin's works, such as 'State and Revolution', the 'Development of Capitalism in Russia' etc.

What was Imperialism for Lenin ?

Imperialism was the continuation of capitalism at a higher level.

Capitalism only became imperialist at a certain stage, the stage of its most advanced development.

Capitalism became imperialist through a process of TRANSITION, during which the main economic change was the shift from free competition capitalism to monopoly capitalism.

Monopolies became the dominant economic form of this new stage of capitalism, although competition continued to exist alongside them.

Most of the examples in the pamphlet were taken from countries like Germany, the United States and Britain. This was because they were the countries where the principal economic features of imperialism could most clearly be observed at the time of Lenin's research during 1914 and 1915. Since then, his theory has been shown to be equally true elsewhere in the world.

Lenin distinguished in his pamphlet between foreign invasions, colonialism and imperialism. For Lenin, Imperialism was a phenomenon of the 20th century.

"For Europe we can define with fair precision the moment when the new capitalism definitely substituted for the old: it is the beginning of the 20th Century."

Defining Imperialism as a particular stage of capitalism, Lenin analysed SIX of its principal economic features. These new structural changes of capitalism were the response of the bourgeois classes to the class struggle. Their answers to the struggle of the dominated classes of society resulted in big transformations of the capitalist system.

The principal economic features of imperialism are:

- *1. The concentration of production and capital to such a great extent that monopolies are created which play a key role in economic life.
- *2. The banks and their new role.
- *3. The merging of banking capital and industrial capital and the birth of a new kind of capital, called FINANCE CAPITAL.
- *4. The export of capital which becomes more important than the export of goods.
- *5. The formation of capitalist combines at an international level, which divide up the world.
- *6. The completion of capitalism's initial territorial division of the world and the re-division among the big powers of all territories.

To understand Lenin's definition of Imperialism we would have to look at each of these points in turn. This does not mean that they happened one after another. They happened simultaneously and in an interconnected way.

*1 MONOPOLIES

Lenin analysed the intense development of industry and its rapid concentration into a smaller number of giant enterprises. He described it like this:

"... that is to say, the grouping in a single enterprise of different branches of industry which either represent the consecutive stages in the processing of raw materials or are auxiliary to one another. ..."

This monopoly concentration became dominant at the beginning of the 20th century, but had been growing during the latter part of the 19th century. There were three broad phases during which Lenin saw monopolies growing in industry, banking and trade on a world scale.

- (a) 1860-1880, the peak years of free competition, during which monopolies could scarcely be seen.
- (b) After the crisis of 1873, when monopolies began to emerge but were still unstable. The 1873 prices crash and the depression which followed it, consolidated the as yet shaky combines. These capitalist combines fixed prices, the quantity of goods to be produced, conditions of sale and divided profits and markets among themselves.
In Ireland, the 1873 crisis was responsible for a crash in agricultural prices: the value of the potato crop fell by one third between 1876-78. This was the period during which half the land of Ireland passed into the hands of 750 landowners and the beginning of the great Land War. (1)
- (c) After the crisis of 1900-03, during which cartels became the basis of the whole economic system. Monopolies controlled production, trade, raw materials and prices. Whole branches of industry, like coal, ore and steel, electrical goods and chemicals, all came under their powerful control.

The development of monopolies able to dispose of new technical achievements, like steam, and to temporarily stabilize profits, did not resolve capitalist crises. Lenin insisted that the theory of disappearing crises was pure fantasy. On the contrary, the tendency for monopolisation to occur in only certain branches of industry generated unequal development at every level, aggravated the anarchy of capitalist production as a whole and deepened the inequality between industries taking advantage of technical progress and those excluded.

Lenin, basing himself firmly on Marx, argued that capitalist crises would continue to plague the world and would even further increase monopolisation and concentration. Here is how James Connolly saw these new monopolies in 1909:

"It means that there is a capitalist concern in Chicago which has hundreds of stores or shops in Great Britain, large numbers of stalls in Smithfield Market, London, great refrigerators and enormous cattle ranges in the Argentine Republic, and will have a complete service of steam ships plying between Europe and America solely for its own use. It employs thousands of workers in England, the United States and South America; it operates under the flags of three independent nations, a monarchy and two republics and in all three countries it builds up trade by underselling and ruining the small merchant. . . . every 'Lusitania' which shortens the distance between Europe and America hastens the doom of the petty farmer of Ireland under the capitalist system."

(The Workers Republic." p. 54)

Monopolies, argued Lenin, did not alter those fundamentals of Marx's economic doctrine: the tendency for the rate of profit to fall and the tendency for the rate of profits to equalize.

(1) See P. Berresford Ellis. "A History of the Irish Working Class." Ch. 9.

Fighting against these tendencies, the monopolies

"throttle those which do not submit to their yoke, to their dictation. . . domination and violence is associated with it" (p. 26)

These last points of Lenin were denied by a well-known ex-Marxist economist of his time: Karl Kautsky, against whom much of Lenin's pamphlet on Imperialism was directed.

THE NEW ROLE OF BANKS

Banks started as middlemen making payments on deposits which they put at the disposal of the capitalist classes.

As banks developed they began to concentrate nearly all the money capital of all the capitalists.

Lenin argued that the banks merge and absorb one another into banking monopolies which work hand in hand with their industrial clients. Today they are capable of expanding into even mobile banks while still remaining a single monopoly banking group. With their access to specialised information about companies, the banks participated in certain industries while blocking credit to others. Bank directors represented the banking monopolies on directors boards of big industrial monopolies or had shares in companies. This process of banking participation in certain industries only, was yet another cause of uneven development. It was the crisis of 1900-1903, Lenin says, which :

"enormously accelerated and intensified the process of concentration of industry and banking, consolidated that process for the first time, transformed the connection with industry into the actual monopoly of the big banks." (Lenin. p. 51.)

This point concerning the strength of banking capital versus industrial capital is under debate today. Marxists like Nicos Poulantzas (See later article) would argue that industrial capital, the only productive capital, is the more powerful of the two. It remains to be demonstrated for Ireland, whether, in fact, banking capital dominates over industrial capital.

Lenin argued that Imperialism was a turning point in the centralisation and concentration of money capital into banks and simultaneously the period during which the banks decentralised their operations to cover whole territories. In Britain and Ireland, Lenin noted that the banking system was extremely concentrated in 1910 into 8 big banks with over 2,400 branches between them.(1) Savings banks and credit unions were a decentralised form of banking, according to Lenin, because they were dependent on the big banks for the investment of their deposits and no longer really competed with the big banks.

This decline of the autonomy of savings banks was accompanied by another decline: the Stock Exchange. The decline of importance of the Stock Exchange observable in Ireland today.

All the economic features of the banking system under imperialism, from the decline of the Stock Exchange to the rise of the banking monopolies, from the

(1) In Germany private banks control and administer 70% of all voting shares of German industry. Der Spiegel.

"personal union between the banks and industry..." to the "the personal union between banks, industry and the Government", provide us with a clear framework to understand the new role of the banks in the world today. (1)

FINANCE CAPITAL & THE FINANCIAL OLIGARCHY

If we follow Marx's definition, capital is not a thing but a relation. So, different kinds of capital, such as merchant capital, commercial capital, industrial or banking capital, are different kinds of relations - between the working class and the owners and controllers of each different kind of capital: the fractions of the bourgeoisie.

Finance capital is the marriage of banking capital to industrial capital....it implies the very close collaboration of industrialists with bankers. Finance capital originated from the concentration of production which gave birth to monopolies and the fusion or interpenetration of these monopolies with banking monopolies. Within finance capital there still remains the double aspect of banking and industrial capital. So, within finance capital there is a contradiction. This contradiction is reflected in the continuing competition between banking capital and industrial capital.

Lenin had the merit of seeing the central importance of finance capital in the era of Imperialism. From the turn of the 20th century, finance capital began to more and more dominate the other kinds of capital. Lenin demonstrated through examples from Germany, the United States, France and England, how a few financial empires could control the world. The holding system made it possible, he argued, to "dominate...immense spheres of production..." (2)

This 'holding system' worked like this :

"The head of the concern controls the principal company.... the latter reigns over the subsidiary companies..... which in turn control still other subsidiaries..." (Lenin. 54)

Under this system, heads of companies with a small amount of capital can control hundreds of other interlocking companies, all concealed behind jugged balance sheets and scattered shareholdings.

Using the works of R. Hilferding (Finance Capital 1912) as a framework, Lenin analysed the rise of financial empires.

"Finance capital concentrated in a few hands and exercising virtual monopoly exacts enormous and ever increasing profits, from floating companies, issue of stock, state loans, etc. strengthening the domination of financial oligarchy and levies tribute on the whole society for the benefits of the monopolies." (Lenin. p.61)

(1) Between 1964-1974, profits of the Clearing Banks in Britain rose enormously. Barclays by 836%, Lloyds by 1,042% and Midland by 687%.

(2) Today The First National City Bank of New York controls 633 international banks in 80 countries...and is itself controlled by the Rockefeller Group which controls I.T.T., Standard Oil, Caterpillar, Colgate, Inland Steel etc..

Going further than Hilferding, Lenin suggested that finance capital

"... once it is formed, controls thousands of millions (of people) inevitably penetrates into every sphere of public life, regardless of the form of government and all other details..." (Lenin. p. 67)

This meant that finance capital could dominate politically independent countries; it could even change the character of the State itself. He argued that ultimately, the domination of finance capital over all other kinds of capital led to the singling out and the supremacy of a small number of financially powerful States.

"In one way or another, nearly the whole of the rest of the world is more or less debtor to and tributary of these international banker countries, these pillars of world finance capital. (Lenin p.72)

Finance capital, unlike other kinds of capital, was the only capital which could dominate whole countries and people without the necessity of direct political or military intervention. This analysis of the role of finance capital in the era of imperialism gives an indication of how a country can be entirely dominated by imperialism, while remaining apparently independent and 'free.

"If you remove the English Army tomorrow and hoist the green flag over Dublin Castle, unless you set about the organisation of the socialist Republic..... England would still rule you..... through her capitalists,...her landlords...her financiers.

* 1897 J. Connolly 'Nationalism and Socialism'

THE EXPORT OF CAPITAL

It was on the basis of this new international network of financial domination and dependance that Lenin discussed the export of capital. The export of commodities was the central sign of old free competition capitalism, while the export of capital was the sign of the new era of imperialism.

But capital being a relation, and not a thing or object, what we are examining is the export of capitalism....as a system of production and its corresponding relations of production.

Lenin argued that the export of capital(ism) was possible because :

".... a number of backward countries have already been drawn into world capitalist intercourse.... the elementary conditions for industrial development are there..."

Such conditions would be the existence of a dispossessed and landless peasantry dependent on their labour for a living, an outline of a ports and transport system there, and perhaps bourgeois traders to go with them. The export of capital which accelerated at the turn of the century,

brought great uneven development, advancing capitalism in some parts of the globe and retarding its development in others.

Britain has been a major exporter of capital(ism) historically, while today the export of U.S. capital is dominant.

The consequences of the export of capital, outlined by Lenin, were to draw the attention of writers and militants like Peadar O'Donnell in the thirties - "partition arises out of the uneven development of capitalism in Ireland...." (AN PHOBLACHT 7.2.1931), or A.G. Frank and P. Baran in the fifties and the sixties, both of whom will be discussed in later articles of this issue.

Lenin disagreed with Rosa Luxemburg on the problem of export of capital. For him, capital was exported to underdeveloped countries and invested there because wages to be paid were lower, capital scarcer, raw materials and land cheaper. Capital export was a means to encourage the export of commodities. The capital exporting countries could insist on loans and the creditor country could negotiate a favourable clause in a contract, a treaty, a concession, an order for arms etc.

Thus argued Lenin:....."finance capital spreads its net all over the countries of the world." (Lenin, 'Imperialism etc. p. 78)

The export of capital for Lenin was not a desire to dump extra surplus onto the underdeveloped countries, but arose from the tendency for capitalism to reproduce itself. The bourgeois class, struggling against the working class, experienced the law of the tendency of profits to fall, AND WAS OBLIGED TO INVEST ABROAD.

The principal contradiction for Lenin, therefore, in the export of capital was at the level of capitalist production, and not in the necessity to find purchasers for surplus commodities in the 'third market' of the underdeveloped countries. This last argument was used by Rosa Luxemburg and is discussed in a later article on her work.

The capitalist monopolies in the era of Imperialism wanted to develop capital throughout the globe, to promote capitalist relations of production at every level: production, consumption and trade. To this end, they divided the world amongst themselves - a world, according to Lenin, already conquered and partitioned among the big capitalist powers.

THE DIVISION OF THE WORLD AMONG THE CAPITALIST COMBINES

As the export of capital increased and the overseas zones of influence of the big monopolist combines grew, these combines established new agreements among themselves at an international level. Lenin argued that this development would bring about a new division of the world under Imperialism. The combines divide the world:

"... not out of any particular malice, but because the degree of concentration which has been reached forces them to adopt this method in order to obtain profits. . ." (Lenin, p. 88)

Taking examples from the General Electric Company, the International Zinc Syndicate and the International Rail Cartel, Lenin provided us with a frame-

work for understanding what came to be called 'Multinational Corporations' in the sixties. He saw this not as a simple economic change. The division of the world among these capitalist combines took place according to their economic and political development. While relations between the combines:

"... was based on the economic division of the world ... parallel and in connection with it, certain relations grew up between states, on the basis of the territorial division of the world." (Lenin. p.88)

Lenin insisted that despite the 'internationalisation of capital', class struggle would continue. He predicted that the redivision of the world under imperialism would inevitably lead to war between the big powers. Lenin ridiculed the arguments of K. Kautsky, who was claiming that the future would be one of a single imperialist power: a type of super-imperialism.

He attacked as bourgeois reformism, the idea of a "fight against the policy of Trusts and Banks that does not affect the basis of the economics of the Trusts and Banks...". By this he meant that any fight against the banks must be against the economic system as a whole - he clearly implied that certain struggles against certain policies of the banks do not undermine their basis at all.

Lenin saw the alliance of the capitalist State and the monopolies; he said that there was no contradiction between them. These would interpenetrate one another, he predicted, in the era of Imperialism. This concept of 'interpenetration' is useful for us to understand the role of Agencies like the Industrial Development Authority in Ireland.

The division of the world among the big combines further aggravated uneven development, according to Lenin, because it happened only within certain industries like oil, electricity, computers and communications - this made it very difficult for non-monopolies to compete against the Trusts. The answer for Lenin was not to argue for State Monopolies.

He demonstrated that it was impossible in the era of finance capital to see State and monopolies as anything other than separate links in the struggle for the division of the world among capitalists.

THE DIVISION OF THE WORLD AMONG THE BIG POWERS

Finance capital is such a great. . . such a decisive force in all economic and in all international relations, that it is capable of subjecting and actually does subject to itself even states enjoying the fullest political independence. . . ."
(Lenin. p. 97)

Lenin argued that finance capital played a dominant role in the new era of Imperialism: the seizure of land, raw materials and even potential sources of raw materials made the redivision of the world under Imperialism very different from the colonial policies of pre-monopoly capitalism or the expansionism of, say, the Roman Empire. The concentration of production intensified the struggle of the capitalist Trusts to dominate all the sources of raw materials and unify the processing and manufacture of goods.

The redivision of the world among the Big Powers was also a consequence of the growing and spreading class struggle at the turn of the century. This growth was described by James Connolly in 1910, like this:

"What are the elements in the labour movement in Ireland today? They are a strong socialist movement, representing some of the best intellects in Ireland, an independant socialist feeling and education on socialist thought in every city of industrial activity in Ireland and a general feeling of comradeship and sympathy between the trade unions and the socialists. . . "

(Workers Republic. p. 90)

This was no empty analysis; a year later, the 'Irish Worker' was selling just under 100,000 copies a week all over Ireland !!

The economic and political factors which led to the redivision of the world, created competition among the Big Powers, in the form of rivalry, jealousy, desperate struggle and finally war.

"Finance capital and its corresponding foreign policy, gave rise to a number of transitional forms of state dependance. Typical of this is not only the two main groups of countries: those owning colonies, and colonies, but also the diverse forms of dependant countries which officially are politically independant, but in fact are enmeshed in the net of financial and diplomatic dependance. . . " (Lenin.p.101)

Lenin saw Portugal and Argentine as two different forms of transitional dependence - links in the chain of world finance capital. These semi-colonial countries would be places of struggle in the era of imperialism:

"....struggle which.....should have become particularly bitter in the epoch of finance capital....." (Lenin p.97)

Here, he is predicting that Argentine and Portugal, two countries where the class struggle is at its most intense in 1975, will be centres of the explosion of violent contradictions.

Lenin's emphasis on the redivision of the colonially-conquered world provides us with another clue to the division of so many territories in the 20th century: Ireland, Cyprus, Korea, Germany, Congo, Palestine, Pakistan, Yemen and others.

For the future, he predicted only a redivision of territories passing from one 'owner' to the other, instead of passing as ownerless territory to 'owner'. Today we find that there are no regions unaffected by imperialism. Countries like the Peoples Republic of China, Cuba, Albania, the Democratic Republic of Vietnam Democratic Yemen struggle against this, but are continually menaced by Imperialism. The only territories left to be occupied are the sea-beds, the moon, the deserts, the jungles, the Arctic and Antarctica.

In 1899, Connolly argued the same point:

"... the productive powers of the world are continually increasing whilst the virgin markets of the world are continually diminishing. but as the area of the world remains unaltered . . . a time must come when all the world will be exhausted as a market for the wares of commerce. . . "

In this sense the partition of Ireland, and the intense struggle of the Big Powers to conquer its potential mineral and marine resources can be seen as inevitable in the chain of imperialist domination.

These few pages on Lenin's pamphlet 'Imperialism, the Highest Stage of Capitalism' have tried to highlight the more important contributions of Lenin to an understanding of Imperialism today. They are not a summary of the pamphlet but a limited interpretation of its views.

The main themes which the essay attempted to develop were:

- a. the structural changes in capitalism during the era of imperialism.
- b. an emphasis on the political changes and developments during the era of Imperialism, which Lenin was obliged to camouflage in vague or symbolic terms.
- c. exploring aspects of Imperialism which might help us to better understand the class and national struggle in Ireland.
- d. examining Imperialism as a world system, as a chain of weak and strong links - concepts which are taken up in other articles of this journal.

However, just as Lenin wrote his pamphlet to combat bourgeois economists of his time, we have studied Lenin to combat bourgeois ideas of our time.



Some of the important ideas, we feel, militants must fight against are:

- a. that the 26 Cos of Ireland are free and independent.
- b. that the 6 Cos are not really under imperialist domination
- c. that imperialism does not exist in Ireland but only in other 'far away' countries.
- d. that the anti-imperialist struggle in Ireland is the invention of a few 'subversives'. ★



R. Luxemburg

How and why capital accumulation ?

Rosa Luxemburg was born in 1871, in southeastern Poland. While at secondary school she became active in the underground revolutionary movement and soon became known to the police. In 1889, with arrest imminent, she left Poland... smuggled across the border in a peasant's cart.

She arrived in Zurich and enrolled in the University of Zurich. She was one of the founding members of the Polish Socialist Party (P.P.S.), attempting to unite the various fractions of the Polish left. However, she came into conflict with the organization's principal leaders over the question of Polish nationalism. She believed the fight for Polish independence was a dangerous trap, to be avoided at all costs, as it would inevitably weaken the struggle... allying the proletariat with bourgeois interests. She underestimated the important surge of nationalist movements in the era of imperialism... we will return to this again.

She moved to Berlin in 1898, and played a crucial role in the struggle against Bernstein's attempts to turn social democracy, which at the time was a progressive movement, into a party of capitalist reform. She fought consistently against Bernstein and his followers, against their distortion of Marxism. They claimed that capitalism could be reformed into socialism. She demanded that the German democratic party (S.P.D.) continue to organise the masses at ALL levels of struggle... reformist demands being only one of these. If these reformist demands were to become the only level of organization, she argued then the revolution would be betrayed. She understood the need for the proletariat to seize power... demands for reform alone would never bring about a transformation to socialism.

Rosa Luxemburg understood the full revolutionary significance of the Russian revolution in 1917, and it was this understanding which gave her

strength in her struggle against reformism. She believed that the struggle in one country must learn from the struggle in other countries... her vision was internationalist.

Luxemburg's political record unquestionably defines her as a revolutionary. On every important political question during her lifetime, she stood solidly with those who opposed the capitalist system. She fought against attempts to undermine the labour movement, against a trade union leadership who feared that struggle might go beyond the demands for better wages or a slight improvement in working conditions.

She refused, among a handful of S.P.D. members, to support the war plans in Germany during the First World War... understanding this war as an IMPERIALIST WAR. She was one of the first to recognise the importance of military spending as an 'economic safety valve for capitalism'.

She was arrested and murdered by the German authorities, during the Spartacus Uprising in Germany, in which she played a leading role. Her murder in 1919 was the final testimony of a great revolutionary.

We give Lenin the final word:

"Rosa Luxemburg was mistaken on the question of the independence of Poland. . . she was mistaken on the theory of the accumulation of capital. . . But in spite of her mistakes, she was – and remains for us an eagle. Communists all over the world cherish her memory – her name will be famous in the history of the international working-class movement."

Lenin: "Notes of a Publicist" Feb. 22
Collected Works Vol 33 P 328

Luxemburg's major work was "The Accumulation of Capital", written in 1913. In her analysis of the process of accumulation, there are important implications for the understanding of imperialism. She argues that,

"the economic roots of imperialism must be deduced from the laws of capitalist accumulation, since, according to common empirical knowledge imperialism as a whole is nothing but a specific method of accumulation."

Imperialism, for Luxemburg, is an extension of a process which was always a part of capitalism. She argues that the contradictions of the capitalist system, in terms of its ability to accumulate and the method by which it accumulates, give us the basis from which to understand imperialism.

Luxemburg based her analysis on an examination of Marx's theory of accumulation. Marx, she says, developed his analysis of the capitalist system of production, in a model which defined the world as made up of capitalists and workers. Luxemburg argues that such a model cannot explain accumulation.

"So long as we retain the assumption that there are no other classes but capitalists and workers, then there is no way that the capitalists as a class can get rid of the surplus goods in order to change the surplus value into money, and thus accumulate capital."

She is arguing that accumulation cannot occur in a 'closed' system. She explains that in capitalism, there is an

excess of COMMODITIES produced, over and above that which is consumed by the society as a whole. These commodities, she argues, must be transformed into 'money capital' in order that reinvestment can take place, generating increased production. For Luxemburg, this is ACCUMULATION.

Bringing this further, she arrived at the conclusion that these commodities could NOT be transformed into 'money capital' within the capitalist system and therefore accumulation is only possible if capitalism has an outlet outside of the capitalist system itself.

She defined this outlet as the 'non-capitalist strata' within a capitalist country and the 'non-capitalist countries' themselves. This is what Luxemburg calls THE THIRD MARKET.

These markets are only integrated into the world system of capitalist exploitation at the level of commodity exchange; in buying commodities produced in the capitalist productive process, these 'external (third) markets', provide an outlet whereby surplus is realised.

Luxemburg's understanding of imperialism is based in her view of accumulation. There are both positive and negative aspects in this analysis. She argues that capitalism is by nature EXPANSIONIST. Expansion of capitalism occurs as these 'third markets' become more and more rare... as capitalist relations establish themselves in the non-capitalist parts of the world. This happens for three reasons according to Luxemburg. Firstly the contact with capitalist production, through commodity exchange with the 'third market' generates an impulse for the establishment of capitalist relations of production in these strata or countries themselves. Secondly, the need for an enlarged labour force within the capitalist system itself, requires the drawing of more and more of the people of the world into capitalist relations of production. And thirdly, the wealth of raw materials in the non-capitalist countries which the capitalist countries want to exploit and export, keeps down the costs of production in the metropolitan countries. This usually involves the setting up of capitalist relations (wage labour) for these extraction industries.

This argument has important positive aspects. At the time, capitalism was seen by many to have unlimited possibilities of development in its pre-imperialist form. Luxemburg was involved in an ongoing debate with Bernstein and other reformist members of the German Social Democratic Party. It was against their concept of 'harmonious development of capitalism', still raging in the midst of social-democrats today, that she developed her analysis of the contradictions and the limitations of accumulation under capitalism. It was the contradictions in the process of accumulation, which she understood and argued as the reason why imperialism was an 'inevitable development' of capitalism; imperialism was the capitalists' last ditch attempt to resolve the contradictions... an attempt, Luxemburg argued, that would backfire and intensify the conflicts even more. History seems to have proven her right.

However, the negative aspects of her argument must also be pointed out and understood. She tended to fall herself, unwittingly no doubt, into arguments which can be taken to indicate that capitalism will eventually collapse on its own accord, once capitalist relations are established in every corner of the world. She said:

"Capitalism tends to expand all over the globe and destroy all other economic forms. . . . it cannot stand any form next to it. But at the same time it is itself the first economic form incapable of subsisting on its own. . . having a tendency to spread all over the globe it comes up against its own incapacity of becoming the only form of production."

Thus she opens the way to a certain mechanistic explanation of capitalism falling apart on its own. If 'accumulation is impossible in an exclusively capitalist milieu' then it seems logical to conclude that capitalism is a doomed system.

For Luxemburg, herself, this eventuality is not and cannot ever become a reality. She argued that only revolution will bring about the destruction of capitalism:

"Capitalism will not disintegrate on its own but it is imperialism which creates favourable conditions for the 'rebellion of the international proletariat'."

The question, then, is . . . how does Luxemburg get herself into this contradictory position which can generate serious political errors? To understand this, we must return to her analysis of accumulation. One of the mistakes of Luxemburg's theory is that capital is seen as a 'thing' and not as a RELATION which it actually is.

When Luxemburg argues that commodities which are to be used for accumulation must be 'realised' (transformed into money capital) outside the capitalist system of production itself, she is not looking at capital as a relation but is limiting herself to one of its forms: commodities and money. So when she argues that circulation cannot lead to accumulation she is correct but also slightly off the point because circulation is an inseparable part of the process of production which has in its heart the relation of CAPITAL TO LABOUR. She uses an evident truth 'circulation alone does not lead to accumulation' and arrives with a leap at the conclusion that "capitalism needs non-capitalist markets, or third markets in order to accumulate".

Without entering a very detailed discussion on the problem of how surplus value is realised, how it is transformed into money capital, we feel it is important to indicate that Luxemburg's leap leads her to some very serious errors. If these famous third-markets are NECESSARY for capitalism not to expand but to SURVIVE, she has, in fact, altered the whole basis upon which Marx built his analysis of the capitalist system. By defining the third markets as a vital element in the process of production, vital for survival in fact, Luxemburg has shifted the whole basis of capitalist accumulation from the labour process and surplus extracted from the workers' toil, to something external to it. The exploitation of the third markets becomes the driving force of capitalism and the exploitation of wage labour gets demoted to a second-rate process.

This is a dangerous concept: it can be interpreted as meaning that wage labourers, workers, of the advanced capitalist countries are no longer exploited...but that together with their own capitalist class are joint exploiters of the third markets, or the third world. And many present day followers of Luxemburg argue exactly that (see article on Baran). More important, this concept would imply that a proletarian revolution is no longer necessary, indeed not possible, in the developed countries. The working class of these countries will be reduced into deadend while at the same time capitalism would be portrayed as 'doomed' because of its inability to realise surplus value.

Others would argue that surplus value is not extracted from the working class but that capitalists extract profits by trading 'with the third world'...a system of unequal exchange as they call it.

The reality of course is that capitalism COULD easily exist without third persons or markets. But once those third markets are there capital strives NECESSARILY to eat them up, as such a meal would bring EXTRA profits... surplus profits. The struggle waged for the conquest of those third markets had already reached a stage of acute sharpening, as they had already been divided into colonies, spheres of influence etc. by monopoly capital even at the time Luxemburg was writing.

To a certain extent Luxemburg answered correctly some of our criticisms in one of her answers to her own critics:

"How the dear man envisages this – whether the capitalist class will at a certain point commit mass suicide in despair at the low rate of profit, or whether it will somehow declare that business was so bad that it simply wasn't worth the trouble, whereupon it will hand the key to the proletariat? However, that may be, this comfort is unfortunately dispelled by a single sentence by Marx. . . . 'large capitals will compensate for the fall in the rate of profit by mass production'. Thus there is still some time to pass before capitalism collapses because of the falling rate of profit, roughly until the sun burns out."

This question of the 'third market' is important in order to grasp the contribution which Luxemburg has made to the understanding of imperialism. She maintains that her theory of the necessity of the 'third markets' is the explanation of imperialism. At the same time, she herself shows, capitalism has expanded into non-capitalist markets since the system first came into being. In this sense, Luxemburg does not really give us any reason to distinguish colonialism from imperialism. The rush for colonies and the redivision of the world markets by the great powers are certainly a continuation of previous tendencies. The structural changes which capitalism underwent at the turn of the century must be understood if we are to identify imperialism as a specific stage of capitalism...as Lenin calls it 'the highest stage'. In reality, Luxemburg's work provides us with very little ANALYSIS

of the specific form of imperialism, despite the amount and usefulness of the descriptive material in her work.

She defines imperialism as;

"Imperialism is the political expression of the accumulation of capital in its competitive struggle for what still remains open of the non-capitalist environment."

While Lenin has stressed that imperialism develops as a CONTINUATION of the fundamental properties of capitalism in general, he also emphasised the qualitative changes which characterised the transition to imperialism. (see Lenin article). Lenin analysed a number of significant factors to explain imperialism, namely the growth of monopolies, the emergence of finance capital, and the need to export capital as distinct from commodities. In these respects, Luxemburg failed to make any real connection between these developments and the era of imperialism. She makes one reference to monopolies and finance capital but these concepts are not INCORPORATED into her theory of imperialism... although undoubtedly she was aware that these developments were taking place. On the other hand she devoted much of her work to demonstrating how the world was being divided between the great capitalist powers... another characteristic of imperialism which Lenin used in his analysis. There remains, however, a striking difference between Lenin's and Luxemburg's theories of imperialism. Again we must remember that Luxemburg was engaged in a struggle against those who did not recognize the expansionist nature of capitalism; or its tendency to crisis - and it was to this specific battle that Luxemburg's works were directed.

Rosa Luxemburg was one of the few people in Germany during the 1914-18 First World War to oppose this war consistently and to define it as an imperialist war. This stand, together with her participation in the unsuccessful Spartacus Uprising, were to be the cause of her own brutal assassination on 15th January 1919. She was arrested by army officers (under the control of the new Republican Social-Democratic Government) and was battered to death by rifle butts; her body was thrown into a canal where it remained for some weeks.

Luxemburg had argued that the vote for the Government to give more money for the war and the proclamation of 'national unity' by the Social-Democratic Parties in Germany, France and England "reinforced Imperialism".... and was "a betrayal of international socialism".

She believed this imperialist war was inevitable for the ruling classes, but she feared that support for this brutal war indicated a failing on the part of the revolutionary leadership, as it only succeeded in fostering illusions for the proletariat:

"Imperialism, with all its brutal force, with its incessant chain of social catastrophe that itself provokes, is, to be sure, a historic necessity for the ruling classes of the present world. Yet nothing could be more detrimental than that the proletariat should derive, from the present war, the slightest hope or illusion of the possibility of an idyllic and peaceful development of capitalism. There is only one conclusion that the proletariat can draw from the historic necessity

of imperialism. To capitulate before imperialism will mean to live forever in its shadow, off the crumbs that fall from the tables of its victories."

Junius Pamphlet)

While we fully support Luxemburg's opposition to the 1914-18 War, and against all imperialist wars, we would nevertheless argue that the conclusions she draws from her analysis are incorrect and politically very dangerous:

"In the era of the unleashing of this imperialism, national wars are no longer possible. National interests serve only as a pretext for putting the labouring masses of the people under the domination of their mortal enemy, imperialism."

To apply this

argument against the social-democrats who were defining the war as nationalist, to generalised statements about the possibilities of any war was mistaken. . . . as history has clearly shown us. There have been many national wars against imperialism, and they have not all been transformed into imperialist wars - as Luxemburg argues. In fact some of these wars have been successful in defeating imperialism e.g. Vietnam, Cambodia.

"national wars waged by colonies and semi-colonies in the imperialist era are not only probable but inevitable. About one thousand million people half of the world's population, live in colonies or semi-colonies. (China, Turkey, Persia). The national liberation movements there are either already very strong, or are growing fast and maturing. The continuation of national liberation politics in the colonies will inevitably take the form of national wars against imperialism."

(Lenin; On the Junius Pamphlet)

Anti-imperialist national wars are, in Lenin's words, "inevitable, progressive and revolutionary" and MUST BE SUPPORTED by the revolutionary forces. We fully recognize and point out that the success of these wars will depend on the defeat of the bourgeoisie within the country, both those who collaborate with imperialism and those who don't. The full defeat of imperialism rests on the seizing of power by the working class and the success of the transition to socialism. In this we find agreement with Luxemburg, who herself remains dedicated to the path to revolution:

"(imperialism) accelerates the concentration of capital, the pauperisation of the middle classes, the numerical reinforcements of the proletariat, arouses more and more resistance from the masses; and leads thereby to an intensified sharpening of class antagonisms. For the international proletariat, the struggle for power, the decisive settling of accounts between socialism and capitalism." (Junius Pamphlet)

For Luxemburg then the determining factor is that the struggle continues, that "the massed ranks of the proletariat be set in motion with war as its objective." In this light, her mistakes must be understood. . . . for us, as for Lenin, she remains 'an eagle'. ★



P. Baran

Contribution to the theory of imperialism.

Paul Baran was born at Nikolaev on the Black Sea. He was educated in Germany and at the Plekhanov Institute of Economics in Moscow. He moved to the U.S. in 1939. From 1949 until his death in 1964, he was Professor of Economics at Stanford University in California.

Baran devoted his life to a full scale battle with bourgeois economics. His major concern was with underdevelopment, and his book 'The Political Economy of Growth' (1957), was one of the first major attacks on the concepts of 'aid' and 'development assistance' to the underdeveloped countries. The book was seen as a threat at the time and many attempts were made to block its publication. Blackwell's of Oxford who had originally undertaken to publish the book changed their minds after receiving letters like the following;

"The author is a communist. No doubt the administration of underdeveloped countries by Britain and other colonial powers has been, and is, by no means perfect. But according to the author everything the Western countries have done has been for their own advantage, and the underdeveloped countries have always been exploited. . . . if the book were read by, say, an African student with little knowledge of history, he might be seriously misled."

However, the book was published finally, and for many years stood alone in its opposition to bourgeois economics and its 'analysis' of underdevelopment.

Baran is also remembered for his consistent attempts to explain and describe how a 'rationally organised socialist society' would organise production not in the interests of a 'small section' of the society, but in the interests of the people of that society as a whole.

He stood in continuous defence of the Soviet Union, publicly, through the 'cold war' period in the U.S. when the ruling class was in severe ideological crisis, and the threat of arrest and imprisonment and arrest hung over his head for many years.

'The Political Economy of Growth' was an extremely important book as it appeared at a time when bourgeois economics had succeeded in diverting all attention from the understanding of imperialism. The analysis of underdevelopment was virtually non-existent then, and few attempts were made to understand it in the context of the development of capitalism into its new and highest stage i.e. imperialism.

Baran's starting point incorporated three very important statements:

- i) underdevelopment cannot be analysed without reference to what is happening in the advanced countries.
- ii) underdevelopment must be understood in a global perspective, while at the same time the position of the advanced country must be distinguished from that of the underdeveloped country.
- iii) the tendency toward crisis had not and could never be overcome in the capitalist system.

Baran backs up his analysis of imperialism, by demonstrating that his analysis coincides with Lenin's in linking imperialism to the growth of monopolies, to the division of the world, the export of capital, and war. He adds to this an analysis of the operation of the imperialist system within its underdeveloped areas, at the time he was writing. He does not take up the Leninist concept of 'finance capital' and this poses certain problems... we will return to this again.

Baran uses the concept of 'economic surplus' to explain the crisis which hit capitalism in the beginning of the 20th century and resulted in a transition at the end of which monopolies began dominating the economy.

He defines 'economic surplus' as

"the difference between society's current output and its actual current consumption".

This means 'the difference between what a society produces and what it actually consumes. Baran is identifying "that part of surplus which is being accumulated" (p. 132).

He further explains that 'economic surplus' is equivalent to society's total amounts of investment and savings.

By Baran's definition, 'consumption' includes the consumption of the working class, the petit-bourgeoisie and the bourgeoisie. The Marxist theory of value defines all consumption, EXCEPT THAT OF THE WORKING CLASS, as part of surplus produced by 'productive labour'.

Baran argues that in the era of monopoly capitalism, this economic surplus increases rapidly and acute problems of absorbing it arise; in this way, he attempts to explain the concept of crisis in capitalism, and analyses the specific crises known as CRISES OF OVERPRODUCTION.

Baran is limited in his analysis of crises because the notion of 'actual economic surplus' is identified with savings and investment; he shows the high level of concentration and centralisation of capital; he argues that there is a problem of markets to buy the increasing number of commodities produced in the era of monopoly capitalism.... both of these arguments are correct. However, he tends to miss one crucial factor of the crisis: the tendency of the rate of profit to fall.

It is the use of the concept 'economic surplus' which limits Baran in this way. To understand the rate of profit, we must grasp the classical Marxist concept of surplus value (see our essay on 'Basic terms'). Surplus value is extracted

from labour, and to understand the rate at which it is extracted we must look to the ratio of constant capital to variable capital. The concept of 'economic surplus', as it relates specifically to investment and savings and not to the total amount of surplus extracted from labour, cannot tell us anything new about the rate at which workers are being exploited, or their surplus value stolen from them.

Baran also introduces the additional concepts of 'potential' and 'planned' economic surplus.

'Potential economic surplus' is surplus which could be produced in a rational society when excess consumption, unproductive workers, waste and unemployment have been got rid of - in short, in a socialist society.

'Planned economic surplus' is surplus which would be planned for under socialism, putting all the productive resources to the ir best and fullest use.

This is what Charles Bettelheim, a Marxist economist, says about these concepts in his book 'Planification et croissance acceleree' which roughly translates as 'Planning and accelerated growth'.

" Even if the first of the three notions of surplus (actual ec. surp.) because of its identity with the concepts of savings and investment does not add any analytical tool to the tools economists had ay at their disposal; the two other notions of surplus ('potential' and 'planned ec. surp.') seem to me to be extremely important. The analyses of P. Baran show how rich and how necessary the notion of economic surplus is - for an economic theory which doesn't merely attempt to describe the past but also tries to evaluate the potential of the future. "

Baran's explanation of imperialism then, can be understood as follows: as capital concentrates and centralises giving birth to monopolies, the volume of economic surplus produced increases enormously. It is no longer possible for the metropolises to absorb this economic surplus and it is thus exported in the form of capital to the underdeveloped countries. Imperialism, for Baran, has as its main drive the need to dispose of economic surplus; yet at the same time Baran demonstrates that investment in the underdeveloped countries generates even greater amount of surplus WHICH IS IMPORTED BACK INTO THE METROPOLITAN COUNTRIES.

"While two thirds of Jersey's assets are located in North America, only one third of its profits come from that region. Or to put the point differently, Jersey's foreign investments were half as large as its domestic investments, but its foreign profits were twice as large as its domestic profits. The indicated profit rate is thus four times the domestic rate Standard Oil of New Jersey is a very large and consistent importer of capital."

Baran and Sweezy. Monopoly Capital. P. 194-196

Baran, then, seems to argue a contradictory position: overseas investment would seem to be both a source and an outlet of economic surplus. To understand this, Baran argues that monopoly capitalism generates a situation of stagnation:

"The relatively few monopolistic and oligopolistic firms to which the bulk of the profits accrues find it both unprofitable to plough them back into their own enterprises and increasingly difficult to invest them elsewhere in the economy. (this) becomes progressively harder

as more and more of the competitive sector becomes oligopolized and as the chances of founding new industries that would not compete with established oligopolistic enterprises become slimmer."

Baran. 1973, ed. P.207

The most fundamental criticism of Baran's approach is that it is economist. The working class as a political force does not enter his analyses.

Even his explanations of the economic workings of the capitalist system, exclude a discussion of labour, as an economic factor.

Again we would emphasize that the use of the concept 'economic surplus' identified with savings and investment cannot lead to an understanding of imperialism. When Baran talks of a lack of 'profitable investment outlets', he does not understand this as related to the rate of profit but to what seems a questionable relationship between consumption and accumulation.

There is another tendency in Baran's analysis which must be pointed out. His argument on the ever decreasing number of competitive outlets in the era of imperialism could be interpreted as an argument for an era of 'super-monopoly capitalism'; when competition has disappeared forever. Lenin has argued, and history seems to have shown him right, that while competition becomes dominated by monopoly capital - it never disappears. Competition continues to co-exist with monopolies which compete with each other in a 'cut-throat' manner. In our essay on Lenin, we explained how he shows the changing form of competition in the era of imperialism.

We will turn now to an examination of how Baran understood underdevelopment. His analysis must be seen in the context he was writing. His first book was published in 1957 and most of the material he used dates to the late 1940's and early 1950's.

Baran saw the dependence on agriculture as the major characteristic of the underdeveloped countries, making up a large share of the output and most of the workforce.

This is how he explains it: The holdings are small and the output low. The agricultural workers tend to be exploited by middle-men of different types.

The income from such holdings is generally below subsistence level, and the land is often rented at high rent levels, while money lenders and merchants provide 'facilities' for the buying of imported commodities which the low incomes cannot cover but which the farm-workers are exposed to and want.

On the other hand, whatever large holdings exist are controlled by the landowning class who work the land by hired-labour reaping large profits. These farms tend to use far more advanced equipment - which the smaller farms cannot afford.

Baran argues that about 50% of total surplus produced in underdeveloped countries comes from agriculture, but very little of it is re-invested as it is passed through the various middle-men and is absorbed by excess consumption. This, he says, is one of the major determinants of underdevelopment. This 'lumpen-bourgeois' middle-men eat up the surplus, using it for activities of immediate return such as money lending, as they have neither the base nor the means to compete with foreign enterprises which invest in the more profitable area of industrial production and have almost exclusive control over it.

Monopoly capital then, moves in at the point of industrial production. To

understand this, Baran returns to his original analysis of monopoly capitalism. Foreign investment provides an outlet for economic surplus which cannot be absorbed 'profitably' in the metropole. Foreign provides an outlet, a market, for the increased number of commodities produced in the dominant country. Monopoly capitalism with its centralised and concentrated production leads to a very high level of productivity, masses of commodities are produced at increased prices and rates. . . . what Baran calls mass production.

Supplies of raw materials must be maintained and it is this need which, Baran argues, is the reason for huge capital investments in the source countries of these materials. Baran identifies extraction and mining industries as one of the two major areas to which foreign investment is directed. The second area is transport and communication facilities - what Baran calls infrastructure - in the interests of capitalist operations, and not, as some would argue, to 'assist the development of the underdeveloped regions'. In our essay on N. Poulantzas we will show how this situation has changed today from the context of the 1950's Baran was writing.

One of the most important contributions of P. Baran is the recognition of the State as playing an important role in the imperialist system. This, both in the imperialist countries themselves, and in the countries dominated by imperialism. He argues that the State plays a crucial role in the area of foreign investment. In the dominant country he argues that the role of the State has changed in the era of imperialism; he explains how in earlier periods the State was seen to be 'neutral' among the various competitors while serving the interests of the capitalists as a whole against the interests of the masses of the people.

State intervention is an integral part of monopoly capitalism, and where monopoly capital is the dominant form of capital the intervention acts in the interests of this dominant fraction.

"the drive of monopoly capital to secure control over the state, to concentrate in its hands the conduct of such government intervention in economic affairs as may be required the operations of the government assume paramount importance. . . . monopoly capital moves openly into the centre of the stage. Because what is at stake is the most vital interests monopoly capital which concern indeed its very existence."

The function of the state in foreign investment is very specific, according to Baran. Foreign investment abroad "has to be considered in the light of political and social uncertainties associated with foreign ventures" P. 239.

This is where the government of the metropolitan country comes in. The enormous resources of the country's national government are put to the use of monopoly capital.

"The availability of such government support markedly enhances the monopolistic and oligopolistic firm's ability to cope with the difficulties standing in the way of its foreign activities." P. 240.

The national government uses its economic, diplomatic and occasionally its military power to consolidate its foreign markets. This involves granting credits to offset balance-of-payments problems, granting loans or suitable guarantees to ensure the market and raw materials for its own country's subsidiaries. These loans and credits serve to tighten the dependence of the

dominated country on the metropole. The government sometimes takes on the costs and risks of exploration in the case of raw materials. At a later stage, the investing firms move in if profitable areas of investment are discovered. . . . the road is cleared for the huge investing corporations.

"A giant corporation not only often confronts a small and weak nation as the sole buyer of its exports or an important source of its imports (and/or credits): it is able alone or by making use of its own government's appropriate facilities to intervene actively in the country's internal politics, to buy, to install, or to dispose its administration, to make or break its politicians. And when need be, the military potential of the imperialist country can be used to assure 'freedom' to the activities of monopolistic business."

Baran has certainly been shown to be correct in identifying the direct intervention into the political system of countries dominated by imperialism. Examples are many, the recent American-backed coup in Chile is one, the use of British troops to suppress uprisings in Tanzania and Uganda in 1964 is another.

Baran was one of the very few writers of his time, who demonstrated that there was no flow of resources in favour of the dominated countries. The balance of flow is out of these countries, and the investment itself can be seen to DISTORT the development of the underdeveloped countries, a point which A. G. Frank took up later. Foreign investment is seen as a way of sucking out surplus from the dominated countries through the extraction of profits, the payment of dividends, patent fees, management fees, salaries to foreign executives, technicians and consultants, interests on loans and the export of raw materials using and exploiting the cheap labour force to extract these raw materials in the first place.

There are a number of dangerous tendencies in Baran's analysis of monopoly capitalism, stemming from the fact that his analysis deals exclusively with economic factors. IMPERIALISM MUST BE SEEN AS A POLITICAL, IDEOLOGICAL AND ECONOMIC PHENOMENON. Baran tends to define monopoly capitalism as the existence of monopolies in the form of multi-nationals overseas. Lenin, although his pamphlet was written under conditions of severe censorship, states in "Imperialism, The Highest Stage of Capitalism",

"A monopoly, once it is formed and controls thousands of millions, inevitably penetrates into every sphere of public life, regardless of the form of government and all other 'details'. Lenin. 67.

It seems that this confusion is the result of Baran ignoring the concept of finance capital and thus he reduces monopoly capitalism to the existence of multi-nationals, which are an important element but not the only one in the whole process. It is the emergence of FINANCE CAPITAL which can explain the interpenetration of monopolies and the state, which explains the new role of the state as interventionist, and as integrally bound up in the relations of finance capital.

Baran gives us the beginnings of an analysis of the state in countries dominated by imperialism. Again his analysis though extremely important at the time, must be understood in the historical context in which it was written.

He identifies a significant group of underdeveloped countries which are no longer outright colonies but are managed by what he calls 'local comprador administrations' for the capitalist powers. Examples of this type he gives are the oil-producing countries of the Middle-East and some of the Latin American countries. Exploitation of raw materials is at a very high level in these countries and the oil-producing countries in particular have succeeded in securing 'greatly improved contractual agreements with the countries exploiting their natural resources'. Taking an example of Kuwait, Baran argues that the revenues from the oil exports is consumed in lavish expenditures by the comprador class. He says that this revenue is not used to establish a base for independent development in these countries, at most, the transport and communication facilities are improved. . . again in the interests of the imperialist powers. "The oil revenues sink into the bottomless pit of a corrupt administration."

This is not a coincidental factor, argues Baran, but is **DIRECTLY RELATED** to the fact that the imperialist powers give diplomatic, military and financial support to 'properly behaved comprador administrations'. They assist the reactionary social and political forces backing these administrations, they finance the destruction of all progressive movements in these countries.

Baran also analyses a second type of regime common in the underdeveloped regions, what he calls the 'NEW DEAL type regimes'. He defines these as governments as those brought to power by popular movements to overthrow colonial rule and establish national independence. Weakened by the Second World War, monopoly capital was compelled by the pressure for national liberation in the colonies, by movements which united, "progressive bourgeoisie striving toward industrial capitalism, intellectuals seeking a better future for their country, and of active elements of the urban and rural proletariat rising against the misery and oppression of imperialist-comprador domination."

However, Baran points out that the right wing of these movements, fearful that the mobilisation and organisation of the masses, might create the conditions for socialism 'sought to minimise the role of the workers and peasants' and proceed cautiously 'by negotiations and compromises with the established powers, and was certainly tempted to sell out' F . 336.

He argues that the oppression and the exploitation of the peasantry and the strangulation of industrial development by monopoly capitalism, 'are not merely national questions, they are **SOCIAL** questions'.

As such, the movements collapsed with the intensification of the internal class conflict. Political independence became a **SHAM** as the new national governments, fearing their immanent overthrow, attempt to strengthen themselves by a renewal of the original imperialist alliance. He gives examples of Pakistan, Philippines, South Korea.

Most of Baran's analysis of the dependant state has been bypassed. A lot more has since been said on how the state in the dominated countries functions, what its class structure is, and its relationship to the metropole. His work has been extremely important in understanding how the role of the state developed historically. His study of underdevelopment led Baran to some serious political conclusions.

"The revolutionary initiative which in Marx's day belonged to the proletariat of the advanced countries has passed into the hands of impoverished masses in the underdeveloped countries who are struggling to free themselves from imperialist domination and exploitation."

He believed that the working-class of the advanced countries had been bought out by capitalism... becoming a labour aristocracy. Are we to take from this that exploitation no longer exists in the dominant countries? that the working-class of these countries are themselves part of the exploitation of the underdeveloped regions? Or are we to expect the revolution to come only from the most exploited sectors of the world? All of these conclusions are incorrect. Capitalism will not collapse from an assault by the underdeveloped countries. Lenin said in 1919,

"nowhere is the suppression of the working-class movement accompanied by such ruthless severity as in Switzerland and America and nowhere does the influence of capital in parliament manifest itself as powerfully as in these countries. But the eyes of the workers are being opened more and more The necessity for a relentless war on the capitalists is becoming clearer and clearer to the working class."

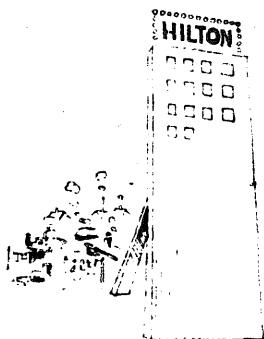
Lenin. The State. 1919.

Baran tended to fall into the trap, in his analysis, of seeing the dominant country as a WHOLE exploiting the dominated country as a whole. We argue that exploitation is NOT of the form of one country over another but EXPLOITATION EXISTS AS THE DOMINATION OF ONE CLASS OVER ANOTHER. Our dividing marks must essentially be classes while at the same time recognising the position of each country in the imperialist chain, identifying dominant, dominated and semi-dominated countries.

This deviation seems to follow from Baran's economism. His analysis of underdevelopment lacks a CLASS ANALYSIS. There is no mention of class struggle in his analysis and this leads to his work remaining at the level of the abstract. While identifying the major elements of domination, we are given no means to understand how the class struggle in these countries is affected by or affects this process.

Baran succeeded in creating a major break-through in the analysis of underdevelopment, by identifying its relationship to the state in the dominant country and to the state in the dominated country. Again, his analysis, though partial as he says himself, lacks a class analysis. To understand the state in a dominated country, the class nature of this state must be understood. Baran attempted to define the function of the state without analysing which parts or fractions of the ruling class it served... whose interests were dominant.

Finally, we have already criticised his use of the term 'economic surplus', but we intend to leave open for further discussion, the concepts of 'planned economic surplus' and 'potential economic surplus'. It is possible that such concepts would be extremely useful in a discussion of how resources and the productive forces of this country or any country could be used and developed in a socialist society. ★



A.G. Frank

What is underdevelopment ?

Andre Gunder Frank was born in Germany in 1929, and was educated in the U.S. where he graduated from the University of Chicago in 1957, having studied in an economics department, which he says was the most reactionary in the U.S.

Since he left the U.S. for Chile in 1962, Frank has devoted himself to the study of development and underdevelopment in Chile and Latin America, through their dependence on foreign, especially American capital and the latter's alliance with the local bourgeoisie.

In Chile, Frank's political and economic work put him in close contact with the progressive forces who made up the Popular Unity Government led by Salvadore Allende between 1970-1973, and also with the extra-parliamentary left.

After the U.S. backed military coup of 1973, Frank along with thousands of others, was forced to leave Chile: the coup replaced the progressive Allende government with a military dictatorship led by Generalissimo Pinochet. Since his enforced exile, he has continued the ideological struggle against the military regime by exposing in his writings the repressive economic, political, and military policies of the junta.

This article can serve as an introduction to Frank's work and more importantly as a brief assessment of his contribution to the understanding of imperialism. It cannot and should not serve as a substitute for reading his work. The major source of this article is his book "Capitalism and Underdevelopment in Latin America" New York, Monthly Review Press. 1967 Other writings include; Lumpenbourgeoisie and Lumpendevelopment. Monthly Review Press 1972. He has also contributed many articles to various marxist journals, particularly Monthly Review, published in the U.S., available in London.

In this article, we intend to develop the concept of underdevelopment which Paul Baran had explored in his writings. In the development of a class analysis of Ireland, North and South, it is useful to consider the relevance of this concept. Underdevelopment does not refer to economic phenomena alone, but reflects itself in political and ideological domains as well. The underdevelopment of Ireland has taken different forms and degrees, North and South. Frank defines underdevelopment as:

"the impregnation of the satellite's domestic economy with the [same] capitalist structure and its fundamental contradictions. . . (which) organise and dominate the domestic, economic, political and social life of that people." (Frank, 1967, p. 10)

To understand this definition we must firstly examine the contradictions which govern this process and which Frank sees as threefold. These contradictions are based in the expropriation (extraction) of economic surplus from workers and its appropriation by a few capitalists. Economic surplus is used by Frank in the same sense that Baran developed the concept, as we saw in an earlier article.

On a world scale, argues Frank, this expropriation-appropriation contradiction links the strong dominant centres of capitalism (the metropolises) to the underdeveloped regions on the periphery, in an international chain of exploitation.

According to Frank, the peripheries become increasingly dominated BY and dependent ON the metropolises. This chain of exploitation continues through underdeveloped countries to local centres which exploit their own surrounding regions (e.g. Dublin's relation to the West of Ireland), to merchants and landlords who expropriate surplus from small farmers and other small producers, who themselves, may expropriate surplus from landless labourers. At each stage, appropriation of surplus is carried on and ultimately, "the international, national, and local capitalist system generates economic development for the few and the underdevelopment of the many." P. 32.

Baran's concept of economic surplus, which Frank uses, is not the same as surplus value as Marx defines the term. (see article on Marxist definitions). Marx in his writings, referred to the 'imminent centralisation' of the capitalist system, clearly arguing that not every economy in the capitalist system can develop equally or to the same degree. Thus, the metropolises, or the strongest centres of capitalism, develop at the expense of the weaker regions, not merely delaying the latter's development, but as Frank argues, 'ensuring their permanent underdevelopment'. This of course refers not only to the differences between countries but also within countries, where certain REGIONS develop at the expense and also through the expropriation of surplus from others, and certain SECTORS develop at the expense of others; e.g. synthetic fibres at the expense of traditional textiles.

We see then the world, NOT at different stages of economic development, but as one single process of development and underdevelopment. The second contradiction which Frank outlines, 'the metropole-periphery contradiction' exists then not only between countries but also within them.

Obviously some countries on the periphery are less dominated than others. What Frank sees is a general trend, examined in relation to Latin America, but he emphasises the need for separate analysis in each country and region, to understand the degree of domination and underdevelopment and thus the potential and strategy for the destruction of this process by the exploited and

oppressed classes.

Frank emphasises that the STRUCTURES AND CONTRADICTIONS OF CAPITALISM remain basically the same. These are the contradictions and structures which Lenin had analysed earlier. This would not deny the important historical changes and transformations which the world or any single country has undergone. It is this historical continuity which up until now has ensured underdevelopment. At different periods in history, certain secondary contradictions are resolved, for example, the ending of British military occupation of the 26 counties, by the granting of independence to the South in 1922... the result of anti-colonial struggle. But underlying primary contradictions based in exploitative capitalist relations remain. When secondary contradictions are resolved, exploitation of a country can be lessened, although not eliminated. The effects of underdevelopment of Chile, Frank argues, could have been lessened if the economic surplus generated by Chile's nitrate mines had been reinvested in the 1930's.

There is a parallel with Ireland, though it is not a direct one. If nationalisation in the 1970's means control FOR THE PEOPLE, BY THE PEOPLE, then in the present era of imperialism, such nationalisation is not possible, due to the penetration of imperialist interests into the Irish bourgeoisie. Only the working class of Ireland, can truly liberate our resources; the Irish bourgeoisie, and their state, cannot.

Whereas a 'State Oil Company' or a 'State Mining Company' may be ideals, an understanding of the nature of the state in a country dominated by imperialism, and its integration with imperialist interests, shows that the Irish State, is unwilling and more importantly incapable of taking TOTAL CONTROL of our own resources in the sole interests of the Irish people. This gap, between what the majority of the people would like to see, and the impossibility of total state control is a serious contradiction in a dominated country, and is one which is not resolvable until capitalism, a world system, is itself destroyed.

"the state is a machine for the oppression of one class by another, a machine for holding in obedience to one class, other subordinated classes." Lenin. The State. 1919

Certainly, it is within Mr. Keating's power to sign a piece of paper claiming 51% state control over our mining, marine and oil resources. What would this mean, however?

Whose interests would 'state nationalisation' serve?

Most importantly, would it alter U.S. control of our technology, technical training and the random assaults on our natural environment?

These questions lift the issue of 'state nationalisation' beyond the economic domain alone (jobs at any cost?) well into the political and ideological levels. We consider the demand for 'state nationalisation' of resources to be progressive. However, from a socialist perspective, we cannot afford to consider the State as neutral.

The interventions of the capitalist state are NOT neutral. Even planning, nationalisations, public spending, on education or health are not neutral functions. They reflect the needs of the bourgeoisie and the pressure of an organised working class. They serve the bourgeoisie... even if they appear as concessions to the masses, for example, the Welfare State.

This does not mean that socialists should oppose certain interventions (childrens allowances, price freeze, etc.) but we must understand their purpose and effect. The Ripening of Time will devote its third issue to the question of the State, where we will attempt at least to pose some questions such as these, before attempting to answer them.

A. G. Frank shows, how Latin America became incorporated into the world capitalist system, as satellites or peripheries of the metropolitan centres of capitalism, that is the Iberian metropolis (Spain and Portugal) in the 16th century, Britain from the 17th and 18th centuries, and in the recent era of imperialism. domination by U.S. based imperialism.

"It is through economic, though of course also political, social, cultural and other ties that the occasional hired worker is connected to the tenant farmer who employs him the tenant to the landowner and merchant, who is connected to the provincial metropolis wholesaler (or sometimes to a large national or international merchant) who is connected to the national industrial financial/commercial/import metropolis which is connected to the world metropolitan centre. . . "

(Frank. 1967. p. 44)

In this way, and we shall explain shortly how this process functions, the world capitalist centre appropriates part of the economic surplus of the satellites. Although some of the surplus gets appropriated at each step of the way, various amounts of surplus from each of the major and minor satellites gravitates up or into the capitalist world's metropolitan centre.

In not developing a class analysis alongside this explanation of the world capitalist process, Frank is in danger of being misinterpreted by those who would argue that in this way, it is the workers as well as the capitalists in the advanced countries who exploit the people of the underdeveloped countries. This is a weakness which Frank attempts to resolve by emphasising that the whole system is based on one of the basic and fundamental contradictions of capitalism on a world scale, as Marx points out: "the exploitation of the many by the few"

(Communist Manifesto. Marx and Engels. Selected Works. p. 47)

A major topic which Lenin developed in his contribution to the understanding of imperialism, was the degree of monopoly concentration during the latter part of the 19th century and into the 20th century, when monopolies became dominant and became the basis of the whole economic system. As we saw, monopolies controlled production, trade, raw materials, and whole branches of certain industries. Lenin also pointed out that capitalism develops unevenly on a world scale and an understanding of any individual country must be put in the context of their position as a "link in the imperialist chain. . ." (see article on Lenin)

Frank argues that historically, the degree of monopoly concentration was greater in underdeveloped countries than in the developed countries. From the time of the initial conquest of Chile, Frank argues:

"There has always been a greater or lesser degree of monopoly concentration of ownership of the major productive facilities in industry and agriculture, of the means of transport and storage, of the channels of

trade, and probably most important of all, of the banking and other financial institutions, as well as of the major economic, political, civil, religious and military posts of the Chilean national economy and society"
(Frank. 1967. p. 43)

Here, we feel it important to point out certain inadequacies apparent in Frank's historical analysis. Frank relates monopoly concentration of ownership of the means of production in Chile, and concentration into a few hands of the major "political, civil, religious and military posts" as a major feature of Chilean society from the 16th century onwards. In terms of our analysis, monopoly concentration is a feature of late 19th century capitalism, as explained by Marx and Lenin. This confusion reflects deeper omissions by Frank, in his understanding of the structural changes of capitalism, as it moved into its higher stage: the era of imperialism, at the end of the 19th century.

A. G. Frank ignored this important aspect of Lenin's analysis of the structural changes of capitalism. We must distinguish then, concentration of ownership which Frank correctly argues has for four centuries been a feature of the Chilean and Latin American economy, from monopoly concentration which we, with Lenin would argue is a much more recent phenomenon.

More importantly, it is the foreign or national exporters and importers directly integrated with the advanced capitalist metropolis who have historically dominated and controlled the other sectors of Chile's people and economy. This class is known as the 'comprador bourgeoisie'. In this way the development of capitalism in these advanced or developed countries was integrally related to colonialism and the exploitation of the underdeveloped world.

We must now stop accepting the bourgeois categories of 'development' and 'the end of colonialism'. It is deceptive to see countries such as Chile or Ireland as 'developing', in fact they have consistently, through history been exploited solely in the interests of developing the British economy, at least until the early 20th century. Ireland was colonized by Britain early in its development, and Britain's economic development was a direct consequence of her extraction of surplus from Ireland and other colonies, as well as from the exploitation of British workers.

Ireland is developing more slowly than Britain and in a different way than the advanced countries such as Britain, the U. S. or Japan, and so we will never reach their stage of development. No... the very development of these countries has been dependant and will always be dependant on the permanent underdevelopment of the dominated countries.

However, and this is a contradiction inherent in capitalism, the socialization and development of the productive forces in Ireland goes on, and as Marx pointed out, it is in this development that capitalism creates its own gravediggers. Frank himself, in his work, does not bring out this contradiction, an omission which is due, we feel, to the lack of class analysis in this book.

Just as Nicos Poulantzas does (see next article) Frank periodizes historical development and in this way examines the affect on Latin America of the situation in the metropolises.

Speaking of the 1930's, he says that crises in the metropolises allowed a certain autonomous economic development to take place in the underdeveloped peripheries of the world. These crises were the result of the contradictions of capitalism and the struggle of the exploited proletariat in these countries, such as world wars, the 1929 economic crash. This autonomous development was inspired by the emergence of a national bourgeoisie taking advantage of the recession, and the break in the direct domination of Latin America by the imperialist countries. Independent development allowed for a certain break in the process of underdevelopment and a move to set up the basis for an independent economy. Obviously, this economy was still based on the exploitation of the proletariat, but the rulers were different.

The depression of the 1930's in the advanced countries reduced the economic control over the underdeveloped countries by the metropolises. This control has been enforced through trade and finance according to Paul Baran. Like Lenin, Baran had identified international loans as an important tool for the domination of the underdeveloped countries. Loans to import goods for example, ran up balance of payments deficits in the dominated countries while making the exporting metropole a creditor. But during the 1930's these financial arrangements weakened at the periphery. In Ireland, this period was one of protectionism, tariff walls, and the Economic War with Britain. Throughout the 2nd World War, (1940-46) Ireland actually had a balance of payments surplus. However, immediately after the war, through the United States Marshall Aid loans, countries like Ireland, began to run into balance of payments debt again. We still owe £17 million in Marshall Aid loans. (1)

This brief respite which on a world scale lasted until after the 2nd world war, (see N. Poulantzas article) also reduced the political interference by the metropolises in the internal affairs of the peripheral countries. Generally, this autonomous development was directed by a new bourgeois class, a nationalist bourgeoisie, who had gained control in most Latin American countries.

In some countries, like Peru and Chile, the internal economic development was directed and accompanied by progressive nationalist movements. Such development was short-lived as Frank points out. By the 1950's, as Poulantzas explains, imperialism had entered a new era, and the process of underdevelopment which had been interrupted, resumed. Frank also argues that the nature of the dominated state in the present day and of the bourgeoisie, in an underdeveloped country, is such that no such independent national development can take place again, unless it is one outside capitalism itself.

"national capitalism and the national bourgeoisie do not and cannot offer any way out of underdevelopment in Latin America."

(Frank. 1967. p. 171.)

This is not the place to argue whether Frank was correct in this conclusion,

(1) D. O'Mahoney, The Irish Economy. 1962.

Central Bank Report. 1975. Table 5.

New German Critique. L. Turgeon. No. 1. 1975.

but developments in other Latin American countries would tend to put his thesis into question.

The process of underdevelopment, which as Paul Baran explained in some detail was imposed through the influence of the state in the advanced metropolitan countries, underwent another stage, with the emergence of international monopoly corporations, primarily based in the U.S.

The concentration of U.S. monopolies in Latin America had begun in the 1920's where the economic crisis assisted these firms in buying up Latin American money and installations (railways, power stations, communications networks) and thus helped the monopolies to set up production cheaply. Almost all the U.S. enterprises in Brazil in the 1920's were affiliates or subsidiaries of large companies in the U.S.

"By 1950, 300 American corporations accounted for more than 90% of American direct investment holdings in Latin America and since then the degree of concentration has been consolidated still more."

(Frank. 1967. p.327)

Almost all the production of these firms was for export, mainly to the US: fruit, vegetables, raw materials, petroleum, tin and coffee. These large corporations interested in foreign trade were also investing more and more in new production in South America, setting up factories, producing and exporting more.

Frank shows how this process, begun in Lenin's time interrupted by the crisis of the 1930's expanded after the 1950's, when giant monopoly investment finance began to penetrate and take over manufacturing and service industries and incorporate these into monopoly private sectors. Not happy with merely producing in their own factories, the foreign based monopolies, began to gain control of the output, sales and livelihood of native producers, by setting up a system by which the Latin American medium and small producers produced parts for local assembly of a good made and sold by the metropolitan monopoly. In this way, the monopoly became the sole buyer of the goods and reduced its costs by shifting them onto the backs of the Latin American producers, while of course retaining the lion's share of the profits. This profit was reinvested for expansion of the Latin American American plant or moved to the metropolis or other parts of the world where the monopoly operated.

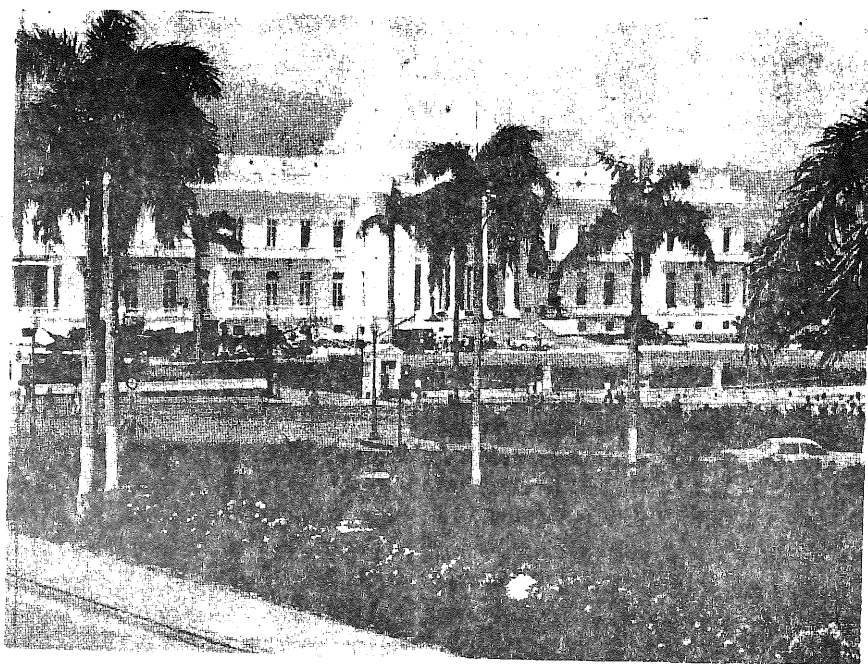
The remainder of the article will be devoted to Frank's description of how monopoly corporations increasingly integrate Latin America into the world capitalist system.

Frank does this by the detailing of methods employed by monopoly corporations in the long historical process of underdeveloping the Latin American countries.

In a previous article we saw that capital was a relation and not a thing. In this sense, we must be wary of theories which avoid the basis of capitalist exploitation. The development of monopoly capitalism is held back by the resistance of workers, farmers and other exploited people. Frank's economic analysis, as he admits himself, is incomplete, and does not claim to be an analysis of the class forces, which determine the development of capitalism in Latin America and in the U.S.



A shanty-town and the President's palace in HAITI



Having said that, we may now move on to examine Frank's understanding of the process of underdevelopment for Latin America and assess for ourselves its relevance to Ireland.

In the late 1950's and early 1960's Frank shows how the metropolitan monopolies have integrated themselves into the economy even more by associating themselves with Latin American industrial and/or financial groups in so-called 'mixed enterprises. The Latin American bourgeois partners in these joint ventures with monopoly corporations assert such a relationship with foreign investment

"provides good employment increasing the internal market for all types of goods, and helps also to dampen social pressures. . . . they also introduce new techniques."

(Frank, 1967. p 328. quoted from the U.S. Time/Life affiliated Spanish language magazine 'Vision' 1965.89.)

Meanwhile in Ireland:

"A new unit has been formed within the Industrial Development Authority (I.D.A.) to encourage a wide range of joint ventures between Irish and overseas companies. The typical joint venture will lead to the establishment on a partnership basis of a new manufacturing unit in Ireland with joint involvement in marketing, and using the established marketing resources of the overseas partner."

(I.D.A. Ireland. Annual Report. 1972-73. p 45.)

An example of the arrangement in Chile was what's referred to as the 'chileanization' (not nationalisation) of copper, with 25%, 49% or 51% Chilean government shares in the U.S. copper mines in the mid sixties.

"on the other hand, associations of small (native) manufacturers never tire of speaking out against the introduction of competing firms backed by powerful foreign capital."

(Frank, 1967. p.328)

Conflicts such as these, become very acute in the era of imperialism and at the present time are very apparent in Ireland (see Dail Debate in box)

I.D.A. Bill passes in Dail

Resuming the debate on the Committee Stage of the Bill, Mr. O'Malley moved his amendment which proposed that in future not less than 50% of I.D.A. grants be given to Irish citizens of Irish controlled companies.

He said he was not tied to the figure of 50% but he was more concerned about more grants to Irish companies. He could understand why in the 1950s and 1960s the proportion of grants to for-

eigners was high, as we did not have the industrial experience and expertise.

Mr. O'Malley said, however, that he was disturbed to discover that between 1970 and 1974, Irish citizens and firms had received only about one-eighth of what was being given out in industrial grants. He thought it was about time the House compelled the I.D.A. to ensure that a higher proportion of these grants were reserved for Irish enterprise.

17. 12. 75

This process of growing economic domination and integration by international monopoly corporations is politically expressed by the emergence of imperialist backed military dictatorships. At present, nearly all Latin American countries could be said to have military governments of one form or another. The conflict in Chile in recent years shows plainly the relationship between huge monopoly corporations, such as I.T.T. United Fruit, Rio Tinto Zinc and these regimes. As stated by an ex-U.S. ambassador, quoted by Frank:

"This type of association (of foreign and native capital) is recommended as the best alliance for progress of truly equal opportunities; along with the military dictatorship that can provide the necessary stability to keep the communists from taking over in periods of instability."

(Frank. 1967. p. 328)

Initially in this partnership, the metropolitan monopoly corporation will gladly play a junior role, for that requires little capital of its own. Indeed, frequently in this era of imperialism, monopoly corporations invest little or no capital of their own and will often raise their share locally by banking on its international reputation and creditworthiness. Thus, a minimum of capital is brought into the underdeveloped countries from the metropolises. This appears to be the case for multinational corporations in Ireland. The multinational Japanese firm Asahi, are investing only £6 in their acrylic fibre and spinning plant at Killala, Co Mayo. Asahi is risking only one-fifth of the total investment of £30 million in the venture. We will examine trends like this in relation to Ireland in other articles.

"Of the total capital obtained and employed from all sources by U.S. operations in Brazil in 1957, 26% came from the U.S. and the rest was raised in Brazil, (including 36% from Brazilian sources outside of U.S. firms)"

(Frank. 1967. p. 329)

The conclusion is that the satellites, and Ireland is perhaps another example finance their own underdevelopment and exploitation. In Latin America, the finance capital supporting the foreign investment is mainly Latin American, as are the tax concessions, exclusive licenses, and other grants as well as tariff protection.

The contribution of the metropolitan corporation to these joint ventures is as Frank points out:

"a technological package of patents, designs, industrial processes, high salaried technicians and last but not least, trade marks and salesmanship."

(Frank. 1967. p. 329)

"..... The international monopoly corporation takes full advantage of its technicological monopoly, its financial reserve, and its direct or indirect political power, to draw increasingly more profits than its Latin American partners out of their common enterprise, to reinvest these and to gain increasing control over the enterprise, sector, economy and country of Latin America in which it operates"

(Frank 1967. p. 330)

For fear of extinction, the Latin American bourgeois partners in business are then used to sway the Latin American governments, to create a still better climate for investment by continuing the exploitation and repression of the

dominated classes... and by increasing the concessions to foreign capital.

This creates in turn severe ideological and political contradictions. This vicious circle and its underlying exploitation carried through the association of the Latin American comprador bourgeoisie and their governments with metropolitan monopoly corporations is not merely confined to manufacturing industry in the underdeveloped countries.

It includes banking and finance, insurance and extends to wholesale and retail trade which gets more and more monopolized.

It includes in Ireland's case agriculture and fishing production, the financing of input: fertiliser and the processing of output for the world and domestic market.

It is certainly not a freak of nature that Irish herrings caught in abundance from our rich, though rapidly depleting stocks in the Irish sea and the Atlantic coastline are in the main exported to European processing plants. There they are are tinned and sold on the European market at ten times their catch value and some are even reimported into Ireland and sold at the higher price to Irish workers and fishermen - if they can afford them.

It includes also all kinds of services from cinema to advertising, to the Press, T.V. and radio and media. As Frank points out, not only do 95% of all goods advertised on Latin American television sets have U.S. trademarks but the ideological manner in which they are portrayed, shows the attempts to substitute existing culture and ideas with an essentially alien, pro-imperialist ideology, one which creates new needs and dependency.

"... American banks lend Latin American deposits to American Corporations which buy from and sell to each other and place their ads. through American advertising agencies, who use their power the Latin American mass media - which far exceeds their power at home - to pressure for the adoption of economic and political policies in favour of metropolitan and against Latin American (popular) interests."

If a national bourgeoisie in any country resists imperialism, political and balance of payments crises are instigated.

These crises are impelled by withholding or calling back loans. Thus, the policy of these 'loan agencies' is to ensure that the bourgeois governments of the underdeveloped countries adopt policies beneficial to monopoly capitalism and the metropolises. In the event of an anti-imperialist force developing in an underdeveloped economy, a force which comes inevitably from the exploitation and the contradictions of imperialist domination, any bourgeois democracy which may have existed is replaced by a military dictatorship. The internal security forces of Argentine, Brazil and now Chile among others are equipped with the most sophisticated military techniques and equipment already tried and tested on the proletariat of Korea, Vietnam, Laos and Cambodia.

Conclusion

Although Frank was writing in the mid-sixties, using material and sources as far back as the early 1950's, the nature of imperialist penetration through finance institutions

credits, loans, media, education, technical training, technology, joint ventures etc are all apparent in Ireland 1975.

However, we must be critical in an application of Frank's valuable ideas. Firstly, Frank's examination of Latin American development is not a class analysis and although he does attempt in a later book (Lumpenbourgeoisie and Lumpendevelopment) to examine the bourgeoisie in Latin America, such examination in stages, is, we feel, undialectical.

As we mentioned in this essay, Frank was influenced by Paul Baran and used his analysis and concepts like 'economic surplus' and 'potential economic surplus', which we criticised in our earlier article on Baran. We argued then, that the concepts were a distortion of Marx who had developed totally different concepts of 'surplus value' and 'surplus product'. We suggest the same criticism applies to Frank.

This distortion of Marx is a feature of 'economistic' arguments: Frank uses economic concepts such as 'balance of payments' 'flow of capital' etc as proof of his theses of underdevelopment, must also be criticised as economistic. By making such concepts determinant, capital is not seen as a relation but as a thing, and analysis is not based on class struggle as the motor of history, but on relationships of underdevelopment between countries: dominated and dominant, metropole and periphery.

Frank further neglects imperialism. It was argued in the course of this essay, that Frank ignored the structural changes of capitalism which Lenin had outlined. This had included the emergence of the imperialist era at the turn of this century. Indeed, in Frank it is hard to find a mention of Lenin in his book. The existence of structural changes is vital to understand the changing nature of imperialism. Frank's analysis does not permit an understanding of the 'internationalization of capital' a feature of the present phase of imperialism (see Poulantzas)

Although Frank does talk of a chain of exploitation, this again we feel is undialectical and a distortion of Lenin's concept of the imperialist chain. As Lenin argued, the "strength of some links depend on the weakness of others." But Frank does not relate this as specific to the era of imperialism, nor does he understand that the weakest link is not always the most dominated.

Frank suggests that the relationship from the 16th century between colonial powers and the colonies is not significantly different from the relationship of development and underdevelopment in the 20th century. This, we feel, is disputed not only by fact, and even by Frank's own analysis, when he talks of the 'penetration' of imperialist domination. In the next article Poulantzas extends this, referring to 'inside domination' as a specific feature of this phase of imperialism at the present time.

These are questions which Frank opens up to us and ones which must be understood. In moving towards a class analysis of Ireland, economic, political and ideological, we will be grateful for his assistance. ★

N. Poulantzas

The changing face of imperialism

Capitalism is in crisis.

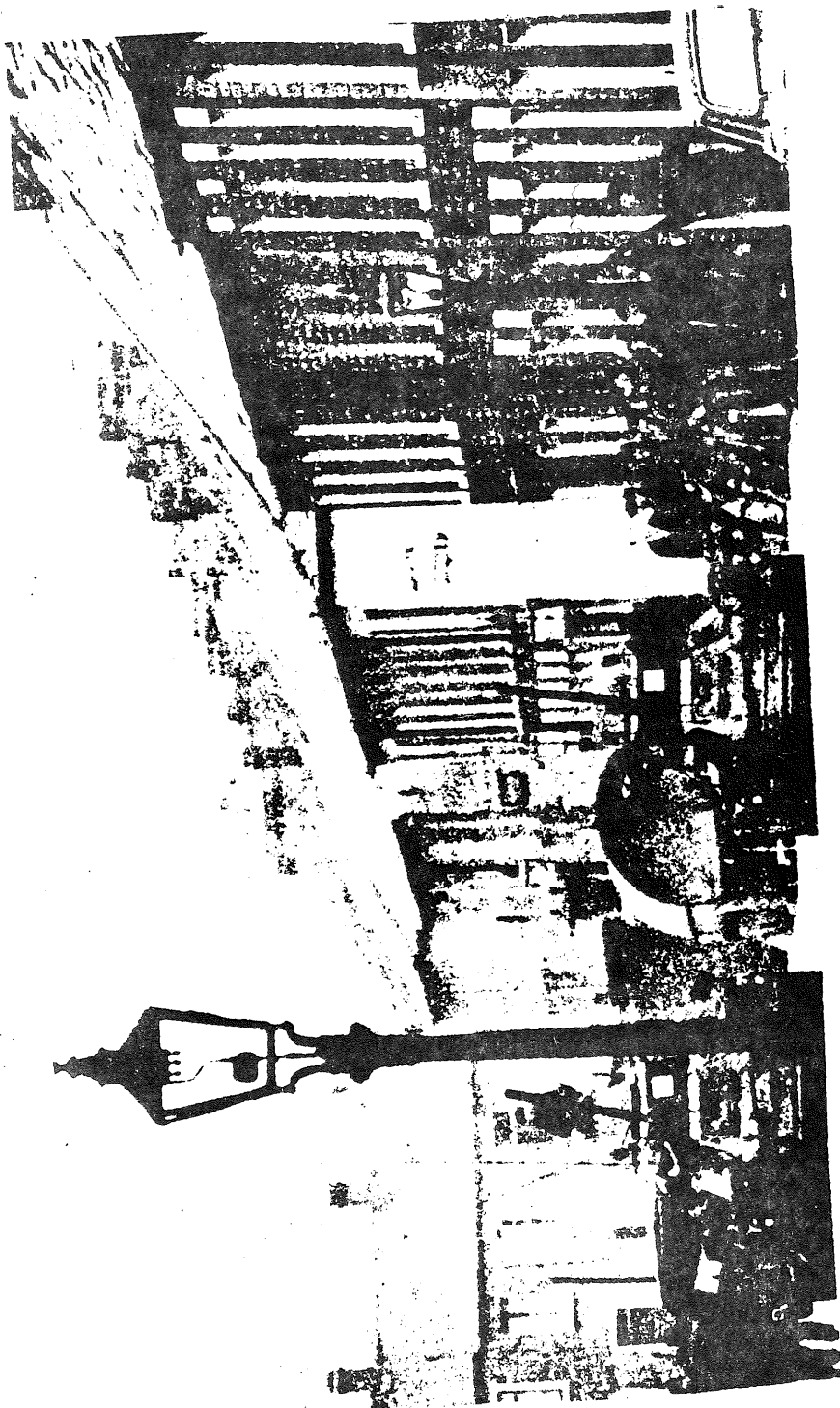
The domination of capital over wage-labour, the domination of the bourgeois classes over the working class is in grave agony....as the Vietnamese, Laotian and Cambodian people chase Yankee Imperialism out of that corner of South-East Asia, as Africa seethes with armed political conflict, decade-old dictatorships crumble in Portugal, Ethiopia and Spain - we are truly entering what Marx used to call " a period of social conflict, war and social revolution."

The deep conflicts being born every day in all the different countries are ample proof that the conditions for revolution are maturing fast.

The current crisis is putting the capitalists in serious difficulties....but social-democrats are also threatened by this new situation: their belief that capitalism could be 're-adjusted' or reformed is under serious doubts.

There will be no harmonious and peaceful transition to a world where there is no exploitation, where the multinationals are not sucking us dry, where rents do not take a third of our miserable wages away.....that much is obvious. On the contrary, we can clearly see signs that political conflict, class struggle is coming to a head. In some countries, like Italy, Spain or France the working people are gaining momentum; in other countries, like Britain or Ireland the working class is on the defensive.

Whatever way one looks at the situation though, we must remember that crises, however severe and brutal economically, do not bring revolution 'naturally'. Revolution is a victory over a smashed bourgeois class and State - this victory must be political.



In this context, in a situation of crisis, when the revolutionary forces need the utmost amount of clarity of perception, when distortions of Marxism create havoc, it seemed to us that Nicos Poulantzas was one of the very few contemporary revolutionary intellectuals who could provide us with further ammunition to combat modern reformism.

N. Poulantzas' first book 'Political Power and Social Classes' was published in 1968; since then he has written 'Fascism and Dictatorship' (1970), 'Classes in Contemporary Capitalism' (1974) and his latest book ' The Crisis of the Dictatorships ', written and published in 1975.

Poulantzas is Greek, writes in French - all his books, except the latest one, are available in English translation through New Left Books.

.....
This essay will focus on Poulantzas' views concerning Imperialism.

It's not intended to be a substitute for reading the man's books - we are simply trying to clarify, and hopefully simplify, his approach to this key question. We feel that Poulantzas' theoretical approach can help us enormously in our analysis of Ireland - if applied critically.

N. Poulantzas is a Leninist. For him, imperialism is the highest stage of capitalism. The 'highest stage' means the highest stage of development of capitalism, and this not only in an economic but also in a political and ideological sense.

To rely only on economic explanations of imperialism, Poulantzas calls 'economism'. He argues that once a revolutionary organization becomes prisoner of economism, its strategy, its tactics get distorted. Nationalism replaces internationalism, imperialism gets reduced to economic facts alone; in short the organization lacks a massline and all qualities of revolutionary leadership. Economist organizations end up objectively supporting the capitalist state, one way or the other.

Poulantzas traces economism to certain shortcomings of Lenin's famous pamphlet 'Imperialism, The Highest Stage Of Capitalism' (see earlier essay). He quotes Lenin:

"I had to stick to an exclusively theoretical, particularly economic analysis of facts. . . . to formulate the few necessary political observations with extreme caution, by hints, in an allegorical language. . . . how difficult it is to read these mutilated pages today."

In 'Fas. and Dict.' he takes up Lenin's economic features of imperialism, such as monopoly concentration, the export of capital etc. as we have explained above. He argues that these factors remain true today as true as they were in 1916. And he adds

.... these economic factors actually determine a new articulation of the ensemble of the capitalist system, thereby producing profound changes in politics and ideology." (Fascism and Dictatorship. p20)

This means that the economic changes provoke contradictions in politics and ideology. As capital concentrates in monopolies the bourgeoisie owning this capital fight amongst themselves for power; as the export of capital becomes dominant over the export of commodities, the commercial bourgeoisie suffer. This new functioning of capitalism affects not only what goes on inside each

country but the relations of that country internationally as well.

Internally, the principal aspect of change is the growth of MONOPOLY CAPITALISM. Going hand in hand with this rapid monopoly concentration of banking, industry and agriculture, we witness a very important change in the role of the capitalist state.

The capitalist state has always been, and will remain, an organizer of the bourgeoisie and a disorganizer of the masses... that much is clear. The state has never been neutral. What Poulantzas calls THE INTERVENTIONIST STATE has new functions in the economy (the creation of semi-state bodies, the labour courts) as well as in ideology (state education and the media) and of course in politics. This is a new type of capitalist state intervening directly in every small aspect of our daily life.

Externally, dealing with the relationships of countries to other countries, Poulantzas expands on the Leninist concept of IMPERIALIST CHAIN.

In 'Fas. and Dict.' p.22, he says:

"In studying imperialism, it is not enough to speak of the international flow of capital. . . . it is necessary to see the very important fact that imperialism is a chain. A chain implies links . . . and strictly speaking the strength of some links depends on the weakness of others, and vice versa."

Lenin developed this concept of 'imperialist chain' out of his analyses of Russia which he

"found in Russia, as the weakest link, an ACCUMULATION OF CONTRADICTIONS. The uneven development of the imperialist chain made itself felt within the Russian social formation, in an uneven development of the economy . . . of politics (the Tzarist State) and of ideology (the ideological crisis. If this accumulation made Russia the weakest link, it was because the chain itself was not held together by economic ties alone. ('Fascism and Dictatorship. P. 23)

Thus, he argued

revolution was possible in Russia; in this he stood alone. Connolly too stood alone in Ireland between 1910-16 against reformists who were arguing that anti-colonial revolution was impossible in Ireland. History has proved them both correct.

The concept of imperialist chain, together with the concept of 'unequal development', which we will expand on shortly, are key Marxist concepts which spread fear and confusion in the hearts of social-democrats. They are real spanners in the works of those who want to distort Marxism and reduce it to a tool of bourgeois science.

Unequal development, or uneven development as it is sometimes referred to, Poulantzas argues, is the result of the fight between invading capitalism and what existed in the country before the invasion.

To take an example, when capitalism began developing in Ireland, it had to fight against the different pre-capitalist modes of production which resisted capitalist development. Resistance was bloody and savage in some parts, weak and dispersed in others. In some places, like the north and parts of the east, capitalism took hold and grew roots faster than other parts like the west where resistance continued. This unequal rhythm of capitalist penetration produces,

according to Marxists, the unequal development of places like the west and the east of the country.

This explanation, which is part and parcel of the Marxist understanding of development, reformists simply do not accept. For them, capitalism descends and establishes itself like a heavy cloud; it is then logical that when the winds of change begin blowing (which usually means when they put a couple more TDs in the Dail), the cloud will move away and the sunshine of a new world will blaze through.

These might be beautiful images but as economic and political analyses they are not worth the paper they are printed on. Capitalism takes roots in a country by slowly destroying what existed there before. The same way, socialism, will be born out of the belly of capitalism, by unearthing its roots, by smashing it, as Marx and Engels used to say.

In his third book ' Classes in Contemporary Capitalism', Poulantzas takes up again the question of the imperialist chain. In the first chapter, he explains how from the beginning of the 20th century, the imperialist chain has been marked by a fundamental break, or rupture as he calls it, between IMPERIALIST METROPOLES and DOMINATED or DEPENDENT countries (see earlier article on A. G. Frank).

The ties and relationships connecting advanced capitalist countries and dependent countries are different from the relationships colonizing countries had with their colonies. During the colonial epoch, colonies were being exploited from the 'outside'. the advanced countries were extracting raw materials and selling their finished manufactured goods to the colonies. Today, in the era of imperialism, Poulantzas says, this relationship has changed radically : the dominated countries are tied up to the imperialist metropolises from the inside . He defines a dominated country in the following way:

"A social formation is dependent and dominated when its own internal political, economic and ideological structure reflects. . . . the structure of other social formations which dominate the first."

This indeed is a very complex way of seeing the situation of a country like ours: a dominated country. It means that the way economic affairs, 'events' in politics and ideology, shape up is determined and is a reflection of the way those very same questions unfold in the USA, Britain, Germany or Japan: the countries dominating Ireland. Those 'reflections' come into contact with each other, and with what exists in Ireland, and they define the present-day situation of crisis of Ireland.

Let us give a small example : Ireland has been dominated by Britain for centuries. As Britain began losing out in the struggle for world hegemony, its hold over Ireland began to decline. this didn't mean that Ireland was becoming independent but rather that the USA, replacing Britain as World Super-Power No. 1, was beginning to dominate Ireland in turn.

Today the USA is beginning to get a strong hold of the economic, political and ideological affairs of Ireland. The antagonisms of the USA with Britain, or other Capitalist countries get played out in the concrete situation of Ireland - our country gets transformed into a stage where the big actors fight it out with the 26 Cos State stage-managing the bouts. The winner takes all - from our toil and sweat.

In his latest book 'La crise des dictatures' (no translation yet available), Poulantzas takes up domination one more time and tries to examine how it works out in the concrete situation of Greece, Spain and Portugal. All three countries are dominated, all three suffered from bloody dictatorships, all three have long traditions of resistance, a strong revolutionary movement and a solid and progressive working class.

In examining the situation of these countries, Poulantzas makes the point that even within the era of imperialism, domination of countries like Ireland has changed form and content. He breaks up the imperialist era, the period from the beginning of the century to our days, into 3 distinct phases:

- a. The first - from the beginning of the century to the 1930's,
- b. The second - from 1930 to the end of the II. World War.
- c. The third - from 1945-46 to today - our era.

This breaking up into phases, 'periodisation' as he calls it, is, in our opinion, a very important step forward in terms of grasping the changing nature of imperialist domination.

Imperialism is changing. The imperialist domination of Ireland in the early 1900's was not the same as the domination of the thirties and was certainly very different from what we are experiencing today. Poulantzas tries not to fall into the old trap of STAGES, rigidly defined and put forward as fixed truths. On the contrary, he examines history and attempts to deduce certain key characteristics in each phase. He makes the point that the changes happen in the form of a process, that they follow unequal rhythms and that they work out differently according to where the country is in the imperialist chain, whether it is dominated or dominant.

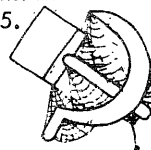
We must be very careful to avoid economism in dealing with these different phases. We must examine the changes which occur from a total and not only economic point of view.

Poulantzas, himself, is in difficulties when he tries to periodise imperialism in 'Classes in Contemporary Capitalism'. It is true that the section dealing with this question is condensed and in a summarized form. Nevertheless, because he talks of monopolies, export of capital and other economic factors, while saying very little of the extremely important political events happening during the phases he is examining, one could end up thinking that economic changes in themselves suffice to differentiate the thirties, say, from 1975.

In this light, when he calls the first phase, from the beginning of the century to the thirties, " a period of transition from competition capitalism to monopoly capitalism", the only defining POLITICAL criterion he is using is the link between the imperialist metropolises and the dominated countries, which together with the relationship of the State with the economy are in an "unstable equilibrium".

Now, this unstable equilibrium is clearly insufficient to explain the long process of political change the world witnessed during the first thirty years of the 20th century: many local wars, a World War, the uprising in Ireland, the Russian Revolution and the events which followed the death of Lenin, the Spartakist Uprising in Germany, the Workers Councils in Turin and the Shop Stewards Movement in England, and then slowly, following the defeat of the international proletariat, the painful but steady growth of fascism. Poulantzas, at that particular point, does not supply us with any specific analysis in order to understand these political events.

In other parts of his work, and especially in his analysis of the second and third phases of imperialism, he resolves some of the problems by focussing adequately on political events and ideological questions. His second book, 'Fascism and Dictatorship', also deals with the political considerations of the second phase of imperialism, the period between 1930-1945.



Still, there is one last remark to make on this point: There is a marked absence in Poulantzas' work of the positive/negative role the different working class organisations, and especially the Communist Parties, play or have played in these phases. In his latest book, when he examines very recent events in Greece Portugal and Spain, he pre-empt's the question by warning the reader that he will not talk about the role of these Parties "because the subject matter is too complex" and that it would take another book to deal adequately with this point, "the key question", as he calls it.

Nicos Poulantzas has set up extremely high theoretical standards in his work, both for himself and for contemporary Marxism. On this question we respect his judgement. Knowing full well that silence is not always golden.

The second phase, from the thirties to the end of the II. World War, he calls "phase of consolidation of imperialism". During this phase Poulantzas says:

"Monopoly capitalism establishes its hegemony in the advanced countries. It is the period of the Roosevelt New Deal, of the Welfare State, of fascism the State is increasingly intervening more and more in the daily life of the people."

Finally our era, "the present phase of imperialism", begins after the II. World War and continues today.

This phase is the one which concerns us the most; so we will concentrate the last part of our essay on this question.

The first characteristic of our era is the domination of monopoly production. Poulantzas explains how in the advanced capitalist countries, small holdings, small production and small property owners are being slowly dominated by monopoly capitalism. The traditional petit-bourgeoisie, the shopkeepers, the small and middle farmers and even the majority of middle scale capital holders are being squeezed out. This process is slower and a lot more uneven in the dominated countries. and a lot more brutal.

Another important characteristic of our era is "the new form of dependence" of countries like Ireland on advanced countries. This 'dependence' produces what A. G. Frank calls (see previous article) "the development of under-development".

Then, he continues, there is the growth of competition between the imperialist powers amongst themselves - the "inter-imperialist contradictions". These conflicts are being played out not up in the air, but on the backs of the dominated masses of the world - while dangers of war threaten stability in a serious and permanent way. Poulantzas argues that the USA is winning out in this conflict; he shows how, even inside the EEC, US hegemony is becoming daily more and more visible.

On this question, we want to point out, that there are conflicting views and

opinions among Marxists. . . . we will return to this point in our second issue of THE RIPENING OF TIME.

Finally, he concludes, " our phase is marked by an intensification of the class struggle both in the dominant and the dominated countries. It is the accumulation of these struggles which determines and provokes the current capitalist crisis ". (Our underlining The Rip. of Time)

Today, Poulantzas argues, foreign investment is not concentrated on raw materials and on the extension of markets ONLY. the main activity today for international capital is " the direct exploitation of labour. . . . which implies direct investment in industry and agriculture. . . ." This investment comes not only in the productive sector but in processing as well.

" MULTINATIONALS ARE THE SPEARHEAD OF THIS NEW TYPE OF FOREIGN INVESTMENT ". (Our capitals).

This provokes the development of capitalist relations of production and the destruction or massive deformation of pre-capitalist relations of production. As small farmers get squeezed out of whole regions, as what once were fertile lands get transformed into industrial waste-lands, while people who have lived all their lives on the land get recruited into the four-cycle shift factories. . . . capitalism develops by destroying everything in its wake. The confusion, misery and dehumanisation of lives this 'development' produces are incalculable - especially for a country like Ireland, where the working class is both numerically weak and politically unorganized.

Poulantzas concludes:

"Industrialisation, the development of the productive forces, instead of being the motor which will catapult the country out of underdevelopment BECOMES THE NEW FORM OF DEPENDENCE WHICH SUBMERGES THE COUNTRY MORE AND MORE INTO DOMINATION"

Conclusion

What we have included in these few pages does not in any way claim to be an 'objective summary' of N. Poulantzas' views on any issue, including imperialism. Within our limitations, we have attempted to introduce Poulantzas to the reader - exercising a political choice of what parts of his work to focus on.

A final point : Poulantzas is an extremely difficult author. We know how the subjects he is dealing with are complex, we understand how certain ideas are difficult to express, we recognize the pitfalls of trying to simplify ideas. Nevertheless, we feel that revolutionary intellectuals must make all efforts possible to be understood. This is a self-criticism as much as a criticism for Nicos Poulantzas.

Marxism, and its language, must be simple and accessible to play their indispensable role - that's what Lenin, Mao and Connolly teach us.

If any of the complexity of the ideas and the language has filtered through into our essay, we ask the reader to be not too harsh a judge.

As for the inconsistencies and mistakes - we have only ourselves to blame. ★



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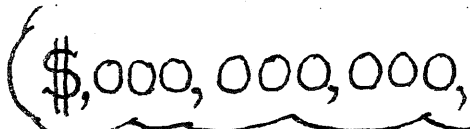
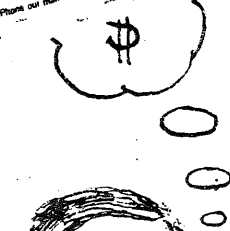
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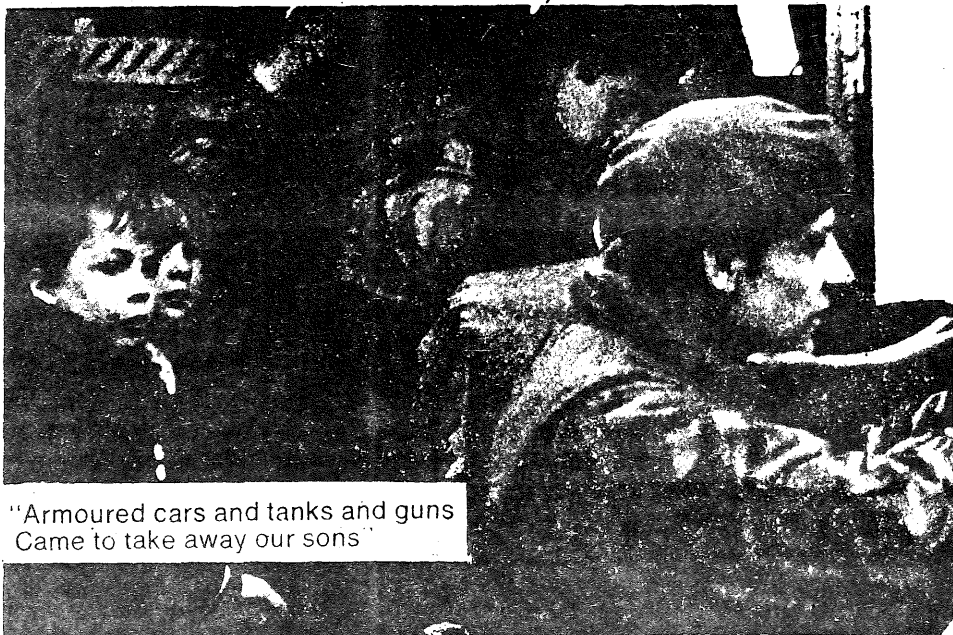
Introductory notes dominated IRELAND



Rowmond

" The socialist movement of today must indeed draw inspiration from the successes of other comrades abroad, but must also shape its course to suit the conditions within our own shores . "

James Connolly - 1911.



"Armoured cars and tanks and guns
Came to take away our sons"

In these introductory notes on Ireland, we will attempt to draw lessons from the contributions of previous articles for an analysis of Imperialism in our country. Our aim is not merely to examine critically major Marxist writers; But to apply our studies to actual ' conditions within our own shores'.

We will illustrate our notes with statistics and data on Ireland, mainly from the 26 counties. While the sources of these facts and figures are mainly State sources, we have given our own interpretation to them.

Some valuable research has already been done on resources by Sinn Fein Gardiner Place and the Resources Study Group, on Prisons by the Prisons Study Group and by other revolutionary organisations.

We donot intend to duplicate this important work although we might disagree with some of the conclusions. For research is not neutral. And different theories on imperialism, will guide our eyes across different facts and figures, leading us to different conclusions.

The aim of this essay is to examine very briefly the crisis in Ireland and to define 'some of' the enemies the working class, and its allied forces, will have to confront.

the economy

The extent of the exploitation the Irish working class is suffering from and the difficulties of the Irish ruling class to keep up this exploitation are revealed in basic statistics for the Irish economy:

- * The numbers of unemployed will rise to 130,000 by next March 1976 (1) in the 26 counties and the inflation rate of 25% shows that the working class and the small farmers are forced to bear the brunt of the crisis in price increases.
- * By 1986, it is estimated that 300,000 new jobs will be needed outside agriculture for the growing population of the 26 counties. Yet, between 1963 and 1973, the number of persons at work fell. (2) and (3)

The decline of the 26 county economy has been accompanied by an increased dependence on the more powerful capitalist countries.

- * At present, the balance of payments debt is 10% of our GNP (Gross National Output). In money terms, the 1974 debt alone was £280 million, four times the debt of the previous year and getting worse.

To finance the debt, loans were taken from International Agencies, such as the European Investment Bank (E.I.B.) or the International Bank for Reconstruction and Development (I.B.R.D.) at very high interest rates. (4)

In Sept. 1975, the Government borrowed £17.5 million from the E.I.B. for the second year running for the development of our telephone services at an interest rate of 9½%. In November, Conor Cruise O'Brien increased telephone charges to consumers by almost 25% and refused equal pay to female phone operators. This kind of example shows the direct impact of this type of loan on our standard of living. (5)

The new telephone equipment will be purchased from the US Corporation ITT. ITT is a very famous capitalist corporation which had a big hand in the military overthrow of the progressive Allende Government. ITT also got an £18 million order to 'modernize' the 6 county phone system in Sept. 75.

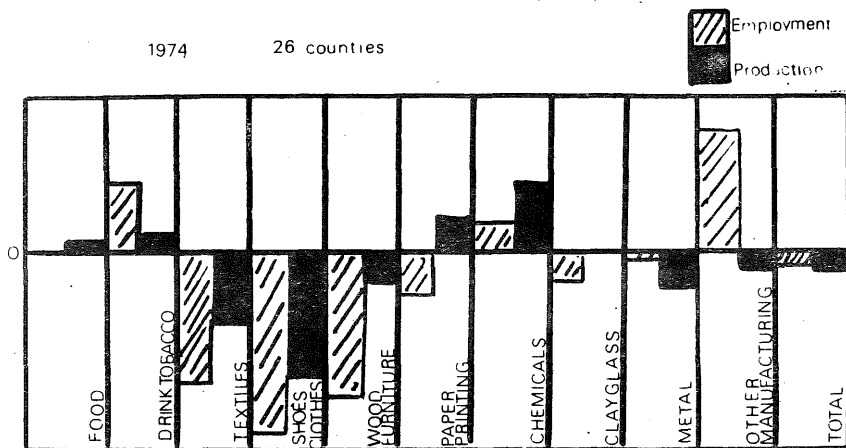
Overall, the external debt of the 26 counties Government is over £405 m. (6) In fact, nearly 20% of Government spending is consumed by paying back the loans. (7) - not to mention the £197m. owed by the semi-State bodies, like Aer Lingus, Nitrogen Eirann and the B&I. (8)

However, this dependence on international capital in the 26 counties is not a feature of State borrowing alone. It is evident in manufacturing industry, north and south in the recent decades.

1. National Economic and Social Council. Report on the Economy. 1975.
2. Brendan Walsh. E.S.R.I. Employment Projections in the 26 Counties.
3. A. Coughlan. T.C.D.
4. Central Bank Report. Summer. 1975.
5. Le Monde Diplomatique. October. 1975.
6. Central Bank Report. Appendix. Table 5.
7. A. Coughlan. T.C.D.
8. Irish Business. September. 1975. Analysis of State Sponsored Bodies.

Our growing dependance on international capitalism is further emphasised by our low growth rate.

In the 26 counties it was 0.2% in 1974. A closer analysis of this zero growth shows that while there is a serious decline in certain sectors of the



economy, there is a huge growth in others. The 'growth sectors' are those controlled by international capital. This is reflected in both unemployment and new employment.

Unemployment in the 26 counties is highest in the traditional industries of textiles, clothing and footwear, leather ware, building and construction and furniture and wood (9) In the 6 counties, there is a big fall in man-made

FALL IN EMPLOYMENT 6 counties		
	1950	1973
TEXTILES	65000	19000
SHIP BUILDING	24000	10000

textiles, ship building and its component suppliers - all traditional industries. These have been large

employers in the north, and just as the Catholic working class in the north have suffered the oppression of a Unionist Loyalist State, now the Protestant working class and self-employed are suffering from the capitalist crisis in redundancies and unemployment.

Ben Shirman Shirts, International Engineering, S.T.C. and now Rolls Royce have announced cut backs and closures, the last one to affect 800 workers in 1976.

Imperialism has long penetrated the 6 counties as it has the 26 counties and no amount of calls for an 'independent' or fascist Ulster will solve these fundamental problems of the 6 counties. On the contrary it will exacerbate them.

manufacturing

In the 26 counties, the IDA (Industrial Development Authority) has become the main State Agency for the penetration of international capitalism. It has many similarities with the Northern Ireland Finance Corporation.

Without doubt, the decline in traditional industries associated with the 'encouragement' of foreign owned, export oriented, high technology, male employing industries is the IDA's main capitalist task in Ireland today.

- * The IDA pays foreign companies, mainly subsidiaries of multinational firms, to set up in the 26 counties. They give up to 50% grants towards the costs of building factories and installing machinery, or a maximum of £5,000 per worker to be employed, in 'designated areas' of the West. Elsewhere, outside Dublin, grants go up to 35% of fixed assets.
- * Overseas investment is highly concentrated into three sectors:

Chemicals	44 %	
Textiles	30.9 %	(synthetic textiles as opposed to man-made)
Metals eng.	16.7 %	
Other	18.4 %	(10)
- * The 10 top world drug companies, pharmaceuticals, have subsidiaries or plan to have one in the 26 counties.

- * While traditional textiles are dying, international synthetic fibre companies, such as the US Burlington Industries, or the Italian SNIA and the biggest Japanese concern Asahi have plants in Ireland (11).

In the case of Asahi, which will have acrylic fibres spinning and processing plants at Killala, Co.Mayo, the Government, through the IDA, have bought 10% of their shares. Asahi is raising only £5m. of the £30m. cost of the plant. The exports of these three sectors have been soaring, and are now comprising 20% of the 26 counties' total export earnings.

the IDA

The IDA, the Industrial Domination Agency, paid out £66m. in grants in 1974 towards a total of £287m. investment in new manufacturing plants. In other words, the IDA pays a quarter of what these subsidiaries of multinationals own and control in Ireland.

The IDA has in this way 'created' 16,000 new jobs but as 20,000 'old' jobs got destroyed, all this money did was to produce a net loss of 4,000 jobs.. At the same time, they keep raising the amount of grant given away per job created, thus paying out more money every year to create less jobs.

- * The most important beneficiary of IDA money in 1974 was the Ferenka Steel Cord plant in Limerick which topped the poll with a grant of £12,825,000 and which consistently laid off workers and refused to pay parts of the Wage Agreement throughout the year.(12)

The growing dominance of US multinationals over whole sectors of certain industries is partly due to their control of technology, but also their control

10. Ireland Today. No. 875. D. McAloose. Nov. 1975.

11. Multinational Business. Economist Intelligence Unit. No. 3 1975.

12. Trade Union information. No.'s 209-210.

of patents on drugs and scientific techniques, on machinery, on 'know-how' and production methods.

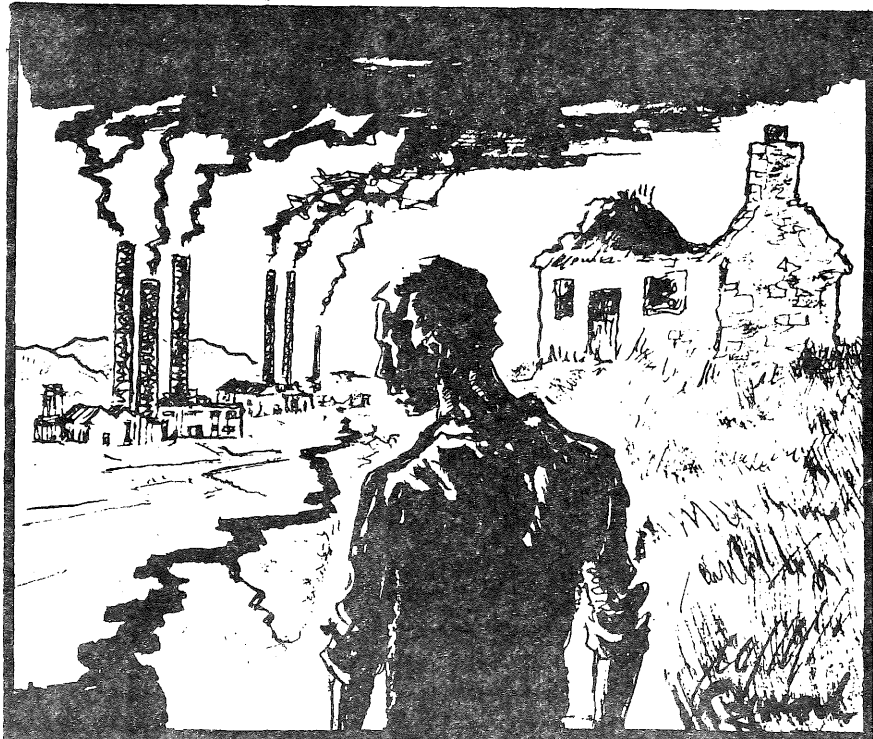
In general, the trend is for different imperialist powers to concentrate on separate sectors of industry. This is called the international division of labour, and will be a subject for later analysis and clarification.

These subsidiaries, north and south, import the majority of all raw materials and machinery used for production. This is true of chemicals, clay, metal, paper and synthetic textiles. The IDA admits that about 40% of what these companies export was imported by them in the first place. (13) Existing Irish firms have little to gain from this unless they want to become subcontractors of services or parts for the multinationals. The main products bought by these companies are forestry thinnings (for paper), fish, agricultural products and of course our labour.

Both north and south, the working class is being transformed. In some cases, the same giants straddle themselves across the border : ITT / STC, Courtaulds in Derry/ Letterkenny. These new overseas firms are skill intensive, employ male workers of high technical skill.

The following table shows the pattern of male/female employment in the grant aided companies in the 26 counties :

13. Grant Aided Industry Survey. 1967.



YEAR	MALE%	FEMALE %
1958	30.6	69.4
1962	57.6	42.4
1966	39.7	60.3
1970	66.6	33.4
1971	82.2	17.8

This table is from John Sweeney Thesis UCD 1973

JOINT VENTURES

More recently the IDA has encouraged joint ventures. Previously this had been encouraged only when the Irish partner controlled the source of supplies, for example dairy products. As A.G. Frank pointed out, it is in the interests of multinationals to become involved in joint native/ overseas projects in their initial takeover of a products or sector of industry.

A classic example is the 50-50 % US/Irish joint venture between the Irish semi-State company Eirin Foods and the US multinational Heinz, which was engineered by Tony O'Reilly.

This shows the truth of Lenin's statement that there is no necessary conflict between State and monopolies.

concentration

Monopoly concentration in industry, in the food industry for example, is not only a feature of production but also of advertising and distribution. Monopoly concentration means the fall in the numbers of companies, firms, shops, mills garages and their centralisation into fewer and fewer interests under different imperialist controls.

- * In flour milling, the numbers of mills has fallen from 217 in 1900 to just 15 in 1974. 10 of the 15 remaining are controlled by two British companies (14)
- * The number of super-market giants is now only 6 in the 26 counties. Quinnsworth, part of the Galen Weston multi-billion dollar empire controls almost 30% of the market - such a key position that Quinnsworth plans to reduce their advertising in 1976 by $\frac{1}{3}$.
- * In the area of advertising, Smith and Quinn's survey showed that in 1968 only ONE Irish food company bought advertising time on R.T.E. and that was Erin Foods, half controlled by Heinz. In 1973 the situation was even worse : 2 British and 1 Dutch food giants (Cadbury's, Rowntree and Unilever) bought 27% of all advertising time on TV, while just two companies : Farley's and the Dutch Unilever bought 27% of all Radio advertising time.

And still on advertising, we have been recently asked to believe that Ford Escort, a US Ford car, is GUARANTEED IRISH.

The examples of advertising show that when a very high level of monopoly concentration is reached, these firms no longer have to advertise, since

14. L. Smith G. Quinn. Concentration in the Irish Food Processing Industry. U.C.D. 1974.

theirs is the only product on sale. And people have no choice but to buy it. This is not the end of competition, as Lenin pointed out, but rather new competition arising between different branches of industry to get us to consume their product.

banking monopolies

Lenin demonstrated the rise of finance capital from the merger of industrial and banking capital. The monopoly concentration of industry was closely associated with a similar concentration in banking.

Banking monopolies play an important role in Ireland, north and south; Lenin himself remarked on the extreme concentration of banking in Britain and Ireland as early as 1910. From 1845 to the 1960's, while the role of banks has been transformed, the Irish banking system has been tied to Britain. To "the beating of the great commercial heart of the money market in London". (House of Commons 1848)

In all capitalist countries there are two main types of banks:

- (a) Ordinary banking monopolies; these are called 'Associated Banks' in Ireland. They are commercial banks where individuals have accounts.
- (b) Specialised finance banks, which organise and finance mergers and the creation of new companies, give credit to industrialists, arrange foreign loans for Governments, buy and sell shares, control and invest pension funds of whole branches of industry, give financial advice and gather information on new profitable industries while closing and bankrupting others. In Ireland these banks are called 'Non Associated' and are licensed by the Central Bank. There are 3 main kinds of non associated Banks in Ireland: Merchant Banks, North American Banks and Industrial Banks.

Between 1965-66, the monopoly concentration of Irish banking consolidated. The 8 Associated Banks were reduced to four: the Northern Bank was bought by the Midland Bank (British) while the Ulster Bank remained part of the National Westminster Group - another British monopoly. That same year, the first American subsidiary bank was established in Ireland and the Bank of Ireland and the Allied Irish Banks (the 2 main Irish associated Banks) opened merchant banks.

In one year, 1965-66, North American and Industrial Banks doubled their assets in the 26 counties.

The following table shows the rise in numbers and wealth of the non associated banks in the 26 counties:

1960	14 non associated banks	with total assets £70 m.
1972	34 " " "	" " " £490.m.
1975	39 " " "	" " " £939m.

(Central Bank Reports)

Twenty-one of these banks came to Ireland during the last 20 years.

In the last 15 years they have increased their assets 15 times.

Banking capital as a whole in Ireland is still under British domination. Industrial banks are especially important; many of these are subsidiaries of British companies and are strong in mining, construction, property and transport.

The merchant banks are important in manufacturing, services, financing and construction, while the North American banks have a significant role in Government financing and manufacturing. (15)

The rise of banking monopolies and their foreign control over whole branches of industry has worried even fractions of the Irish bourgeoisie: T.K. Whitaker, designer of the 2nd Programme of Economic Expansion, former Governor of the Central Bank who planned the entry of the new overseas banking monopolies had this to say :

" holding companies have been associated with the emergence of new financial entities, notably the industrial holding company and perhaps more significantly a new kind of financial entrepreneur. . . . would the e not be a serious risk to employment if large areas of Irish trade and industry came under foreign control in this indirect way ? "

(Irish Times Conference 4.10.72)

The answer of course is YES Whitaker was definitely alarmed at the increased foreign control of the early seventies. This had been indirectly accelerated by the Bank Strike for 9 months during 1970, when the commercial banks were shut but the merchant banks and their friends remained open. Since that strike 8 new type merchant banks have established themselves - including 2 US, 1 Dutch and 1 French subsidiary bank. However, as the implications of that strike remain to be analysed, we can merely note that shortly after it, in July '71, a Central Bank Bill was passed in the Dail to give the Central Bank some control over the non associated banks and their activities.

The monopoly concentration and the internationalisation of banking in Ireland has produced gigantic profits even during the world capitalist crisis. The table below shows the rising profits of the 4 associated commercial Banks in the 26 counties :

	1972-73	73-74	increase
Bank of Ireland	£10,690,000	£15,299,000	+43%
Allied Irish Banks	£10,305,000	£12,032,000	+16.8%
Northern Bank	£ 4,653,000	£ 7,216,000	+55%
Ulster Bank	£ 3,121,000	£ 5,909,000	+89%

(Trade Union Info. 1974)

The profits of the 4 banks combined, over one year were £40million - they rose 41% on average.

With such rapid accumulation of profits and wealth, the banks are active in restructuring the Irish economy in the interests of Imperialism. This is happening now in the present crisis as 'Business and Finance' explain:

"It is worth asking the question, whether banks should take a more active role in persuading industry to adopt expansionist measures in its more promising sectors and conversely an orderly contraction in those which do not seem to have a long term future even though still profitable. "

(Business and Finance 1, 10.75)

15. Business and Finance. Merchant Banking Supplement. Oct. 1975.

Not only industry, but the banking monopolies restructure agriculture in the interests of imperialism also. In 1975, the Banks will receive £ 20m. in interest payments on loans to creameries and farmers. Under the EEC farm modernisation scheme, through which 100,000 small farmers are being squeezed off the land, farmers are obliged to open their bank accounts to their local agricultural advisor, to see if they are eligible for credit and loans.

If their debt per acre is too high, they are disqualified from the scheme and will have to leave farming. No wonder the farmers are calling the advisors 'Banking bailiffs'. They know that the old power of land capital is being replaced by the new more powerful finance capital.

The Irish banking system is part of the international banking system. This means that the banking monopolies in Ireland reflect not only Ireland's former domination by Britain as a coloniser, but its new domination by other imperialist interests: the US, Germany, Holland etc. The close relationship of overseas banking subsidiaries, industrial companies and the State make it difficult to disentangle an 'Irish' element in the system. The rise of multinational banking in Ireland has consolidated the ties between international finance capital and the State,

An example is the building of a car conveyor to an order placed by Allied Irish Investment Bank with the Dutch-Irish Veralme Cork Dockyards for lease to the Spanish subsidiary of the French multinational Citroen (16).

But this international power of overseas banking monopolies does not mean that contradictions disappear. As Lenin reminds us, new contradictions emerge between different kinds of banking capitalists and the central contradiction : the working class struggle.

The prospect of a Bank Strike by the employees of the 4 commercial Banks of the 26 counties obliges to look carefully inside the current crisis, to find out whether imperialist interests will again use this opportunity to further dominate the Irish banking system.

housing and the crisis

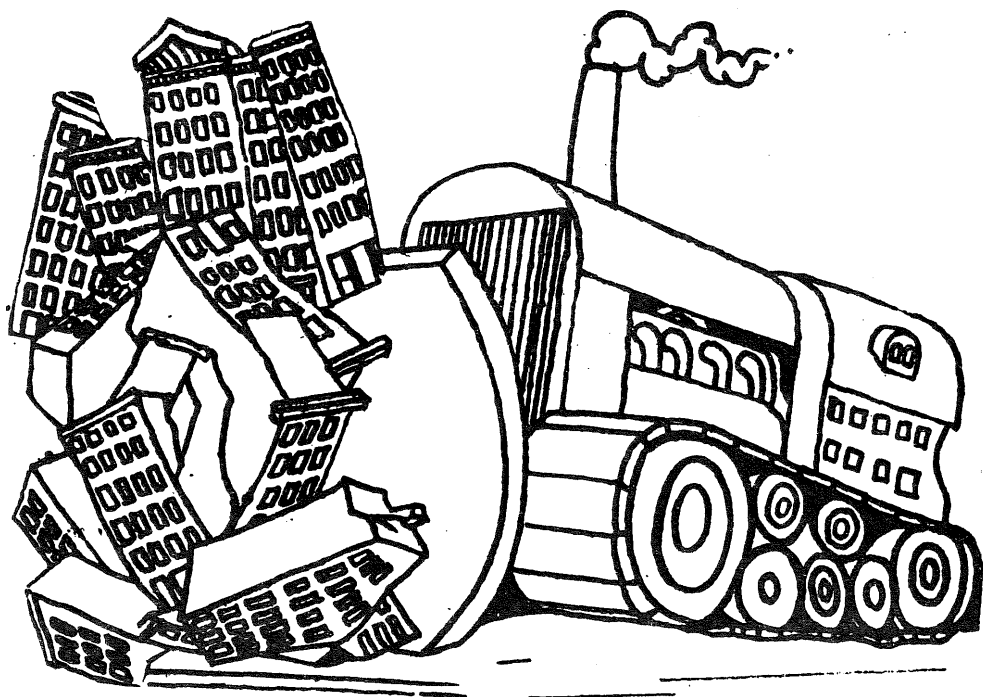
While international capitalism takes advantage of the crisis in banking and industry, especially traditional industries, and while agriculture and social services are severely hit, cuts in education, health and housing follow suit. This is the way the people pay for the crisis. Here we will look at some detail on housing.

Figures showing a 14% rise in newly built houses in the 26 counties compared to the first quarter of 1974 are false. These figures conceal that the 14% includes grants paid to houses in 1974.

The number of houses which have been begun or authorised in the first months of 1975 shows a huge decrease. 11% more houses were begun in the same period in 1974, and the overall prediction for this year is a 24% decrease

decrease in newly begun house building. (17)

It is not private housing which is being most hit, but LOCAL AUTHORITY housing which accounts for 90% of this decrease. So while Government talks of creating easier, more accessible loans or mortgage systems, this will not affect the working class as a whole, who depend on council housing. The housing shortage in Ireland is a permanent feature of the economy. In Dublin alone, there are 5,000 families officially on the waiting list and 500 families squatting in the city.



In the 6 counties the housing crisis is even worse. The Northern Housing Executive in a survey of housing conditions at the end of 1974, reveal the appalling conditions of huge numbers of Northern families:

6 counties housing 1974

24.1% no indoor toilet
24.5% no wash basin
23.5% no bath
5.9% no kitchen sink
24.5% no hot/cold water

Survey of Agricultural Institute
in the 26 counties 1974 *

15% no electricity
65% no running water
71% no indoor toilet

(* rural families only)

The survey in the 6 counties showed that that 22.3% of all houses were lacking 4 out of 5 basic facilities. Almost 20% were declared unfit for human habitation and affected 350,000 people.

Another 18.2% needed substantial repairs (18)

The housing target for the 6 counties 1974-75 was only 6,314 houses. In fact only 5,252 were built - less than were built in 1971. At this rate it would take up to 20 years to replace the houses. ...all 89,370 of them, unfit for human living - not to mention those that would need replacing between now and 1995.

A further aspect of the housing crisis, north and south, is the numbers of unemployed building workers thrown out of work, at a time when the working class needs housing. In the 26 counties, $\frac{1}{4}$ of all industrial employment is in building and construction (19).

As the crisis intensifies, the percentage of unemployed building workers gets higher and higher.

Building workers as % of total unemployed in the 26 counties :

December 1973	:	13.4 %
December 1974	:	16.7 %
1st quarter 1975	:	20.0 %

(Central Bank Report Summer 1975)

This is an example of how the crisis eats its way into the labour intensive industries, like building and construction, hitting the working class in a double fashion : in their pockets and in their housing.

At the same time housing conditions deteriorate rapidly : one door houses, houses built on bogland and the new ' Gallagher ' house : no garage, no cupboards, no tiling or kitchen unit, no heating and this is no joke". Just a living space " they call it.

Double the profits, double the exploitation :

conclusion

These are some notes on the penetration of imperialism and the growth of monopoly concentration in Ireland, north and south.

There are many important areas we have not even mentioned : agriculture and its underdevelopment, the exploitation of our mineral resources as well as transport, distribution, media and other sectors.

Neither have we attempted to draw full political and ideological conclusions from these notes. However, we can suggest that different imperialist interests are rivaling for control of key sectors, although some are already clearly dominated by one imperialist interest.

In recent years, while banking capital is strong and primarily British, industrial capital, particularly US, is getting stronger.

These notes on the Irish economy indicate the importance of the material in earlier articles. Concepts like 'inside domination', 'underdevelopment', 'multinationals as spearhead of finance capital', or the 'imperialist chain' are vitally important for an analysis of the political, ideological and economic domination of Ireland. ★

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